

SL GREEN REALTY CORP
 Form 10-K
 February 29, 2016

UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
 For the fiscal year ended December 31, 2015

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
 OF 1934

For the transition period from _____ to _____
 Commission File Number: 1-13199 (SL Green Realty Corp.)
 Commission File Number: 33-167793-02 (SL Green Operating Partnership, L.P.)

SL GREEN REALTY CORP.
 SL GREEN OPERATING PARTNERSHIP, L.P.
 (Exact name of registrant as specified in its charter)

SL Green Realty Corp.	Maryland	13-3956755
SL Green Operating Partnership, L.P.	Delaware	13-3960938
	(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

420 Lexington Avenue, New York, NY 10170
 (Address of principal executive offices—Zip Code)

(212) 594-2700
 (Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

Registrant	Title of Each Class	Name of Each Exchange on Which Registered
SL Green Realty Corp.	Common Stock, \$0.01 par value 6.500% Series I Cumulative Redeemable	New York Stock Exchange
SL Green Realty Corp.	Preferred Stock, \$0.01 par value, \$25.00 mandatory liquidation preference	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

SL Green Realty Corp. Yes No SL Green Operating Partnership, L.P. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

SL Green Realty Corp. Yes No SL Green Operating Partnership, L.P. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

SL Green Realty Corp. Yes No SL Green Operating Partnership, L.P. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of

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this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

SL Green Realty Corp. Yes No SL Green Operating Partnership, L.P. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

SL Green Realty Corp. SL Green Operating Partnership, L.P.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

SL Green Realty Corp.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company
(Do not check if a smaller reporting company)

SL Green Operating Partnership, L.P.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

SL Green Realty Corp. Yes No SL Green Operating Partnership, L.P. Yes No

The aggregate market value of the common stock held by non-affiliates of SL Green Realty Corp. (93,753,826 shares) was \$10.3 billion based on the quoted closing price on the New York Stock Exchange for such shares on June 30, 2015.

As of February 22, 2016, 100,055,035 shares of SL Green Realty Corp.'s common stock, par value \$0.01 per share, were outstanding. As of February 22, 2016, 959,844 common units of limited partnership interest of SL Green Operating Partnership, L.P. were held by non-affiliates. There is no established trading market for such units.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the SL Green Realty Corp.'s Proxy Statement for its 2016 Annual Stockholders' Meeting to be filed within 120 days after the end of the Registrant's fiscal year are incorporated by reference into Part III of this Annual Report on Form 10-K.

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2015 of SL Green Realty Corp. and SL Green Operating Partnership, L.P. Unless stated otherwise or the context otherwise requires, references to "SL Green Realty Corp.," the "Company" or "SL Green" mean SL Green Realty Corp. and its consolidated subsidiaries; and references to "SL Green Operating Partnership, L.P.," the "Operating Partnership" or "SLGOP" mean SL Green Operating Partnership, L.P. and its consolidated subsidiaries. The terms "we," "our" and "us" mean the Company and all the entities owned or controlled by the Company, including the Operating Partnership. The Company is a Maryland corporation which operates as a self-administered and self-managed real estate investment trust, or REIT, and is the sole managing general partner of the Operating Partnership. As a general partner of the Operating Partnership, the Company has full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Operating Partnership.

The Company owns 96.39% of the outstanding general and limited partnership interest in the Operating Partnership. The Company also owns 9,200,000 Series I Preferred Units of the Operating Partnership. As of December 31, 2015, noncontrolling investors held, in aggregate, a 3.61% limited partnership interest in the Operating Partnership. We refer to these interests as the noncontrolling interests in the Operating Partnership.

The Company and the Operating Partnership are managed and operated as one entity. The financial results of the Operating Partnership are consolidated into the financial statements of the Company. The Company has no significant assets other than its investment in the Operating Partnership. Substantially all of our assets are held by, and our operations are conducted through, the Operating Partnership. Therefore, the assets and liabilities of the Company and the Operating Partnership are substantially the same.

Noncontrolling interests in the Operating Partnership, stockholders' equity of the Company and partners' capital of the Operating Partnership are the main areas of difference between the consolidated financial statements of the Company and those of the Operating Partnership. The common limited partnership interests in the Operating Partnership not owned by the Company are accounted for as partners' capital in the Operating Partnership's consolidated financial statements and as noncontrolling interests, within mezzanine equity, in the Company's consolidated financial statements.

We believe combining the annual reports on Form 10-K of the Company and the Operating Partnership into this single report results in the following benefits:

- Combined reports enhance investors' understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- Combined reports eliminate duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the Company's disclosure applies to both the Company and the Operating Partnership; and
- Combined reports create time and cost efficiencies through the preparation of one combined report instead of two separate reports.

To help investors understand the significant differences between the Company and the Operating Partnership, this report presents the following separate sections for each of the Company and the Operating Partnership:

- consolidated financial statements;

- the following notes to the consolidated financial statements:

- Note 11, Noncontrolling Interests on the Company's Consolidated Financial Statements;

- Note 12, Stockholders' Equity of the Company;

- Note 13, Partners' Capital of the Operating Partnership;

- Note 22, Quarterly Financial Data of the Company (unaudited); and

- Note 23, Quarterly Financial Data of the Operating Partnership (unaudited).

This report also includes separate Part II, Item 5. Market for Registrants' Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities, Item 6. Selected Financial Data and Item 9A. Controls and Procedures sections and separate Exhibit 31 and 32 certifications for each of the Company and the Operating Partnership, respectively, in order to establish that the Chief Executive Officer and the Chief Financial Officer of the Company, in both their capacity as the principal executive officer and principal financial officer of the Company and the principal executive officer and principal financial officer of the general partner of the Operating Partnership, have

made the requisite certifications and that the Company and the Operating Partnership are compliant with Rule 13a-15 and Rule 15d-15 of the Securities Exchange Act of 1934, as amended.

SL GREEN REALTY CORP. AND SL GREEN OPERATING PARTNERSHIP, L.P.
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PART I

ITEM 1. BUSINESS

General

SL Green Realty Corp. is a self-managed real estate investment trust, or REIT, with in-house capabilities in property management, acquisitions and dispositions, financing, development and redevelopment, construction and leasing. We were formed in June 1997 for the purpose of continuing the commercial real estate business of S.L. Green Properties, Inc., our predecessor entity. S.L. Green Properties, Inc., which was founded in 1980 by Stephen L. Green, the Company's Chairman, had been engaged in the business of owning, managing, leasing, acquiring and repositioning office properties in Manhattan, a borough of New York City. Reckson Associates Realty Corp., or Reckson, and Reckson Operating Partnership, L.P., or ROP, are wholly-owned subsidiaries of SL Green Realty Corp.

As of December 31, 2015, we owned the following interests in properties in the New York Metropolitan area, primarily in midtown Manhattan. Our investments in the New York Metropolitan area also include investments in Brooklyn, Long Island, Westchester County, Connecticut and New Jersey, which are collectively known as the Suburban properties:

Location	Property Type	Consolidated Number of Properties	Approximate Square Feet	Unconsolidated Number of Properties	Approximate Square Feet	Total Number of Properties	Approximate Square Feet	Weighted Average Occupancy(1)	
Commercial:									
Manhattan	Office	27	21,003,606	5	3,024,981	32	24,028,587	94.2	%
	Retail	9	(2) 408,993	9	347,970	18	756,963	89.1	%
	Development/Redevelopment	3	42,635	4	1,952,782	7	1,995,417	59.0	%
	Fee Interest	2	783,530	—	—	2	783,530	100.0	%
			41	22,238,764	18	5,325,733	59	27,564,497	91.7
Suburban	Office	26	4,235,300	3	705,641	29	4,940,941	79.0	%
	Retail	1	52,000	—	—	1	52,000	100.0	%
	Development/Redevelopment	1	1,000	1	—	2	1,000	100.0	%
			28	4,288,300	4	705,641	32	4,993,941	79.2
Total commercial properties		69	26,527,064	22	6,031,374	91	32,558,438	89.8	%
Residential:									
Manhattan	Residential	4	(2) 762,587	17	2,193,424	21	2,956,011	94.2	%
Suburban	Residential	1	(3) 66,611	—	—	1	66,611	94.4	%
Total residential properties		5	829,198	17	2,193,424	22	3,022,622	94.2	%
Total portfolio		74	27,356,262	39	8,224,798	113	35,581,060	90.1	%

The weighted average occupancy for commercial properties represents the total occupied square feet divided by (1) total available rentable square feet. The weighted average occupancy for residential properties represents the total occupied units divided by total available units.

As of December 31, 2015, we owned a building that was comprised of approximately 270,132 square feet of retail space and approximately 222,855 square feet of residential space. For the purpose of this report, we have included (2) the building in the retail properties count and have bifurcated the square footage into the retail and residential components.

(3) This property was held for sale as of December 31, 2015. In February 2016, the property was sold.

As of December 31, 2015, we also managed an office building with approximately 336,000 square feet, which is owned by a third party, and held debt and preferred equity investments with a book value of \$1.7 billion.

Our corporate offices are located in midtown Manhattan at 420 Lexington Avenue, New York, New York 10170. As of December 31, 2015, our corporate staff consisted of 296 persons, including 187 professionals experienced in all aspects of commercial real estate. We can be contacted at (212) 594-2700. We maintain a website at

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www.slgreen.com. On our website, you can obtain, free of charge, a copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we file such material electronically with, or furnish it to, the Securities and Exchange Commission, or the SEC. We have also made available on our website our audit committee charter, compensation committee charter, nominating and corporate governance committee charter, code of business conduct and ethics and corporate governance principles. We do not intend for information contained on our website to be part of this annual report on Form 10-K. You can also read and copy any materials we file with the SEC at its Public Reference Room at 100 F Street, NE, Washington,

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DC 20549 (1-800-SEC-0330). The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Unless the context requires otherwise, all references to the "Company," "SL Green," "we," "our" and "us" in this annual report means SL Green Realty Corp., a Maryland corporation, and one or more of its subsidiaries, including the Operating Partnership, or, as the context may require, SL Green only or the Operating Partnership only, and "S.L. Green Properties" means S.L. Green Properties, Inc., a New York corporation, as well as the affiliated partnerships and other entities through which Stephen L. Green has historically conducted commercial real estate activities.

Corporate Structure

In connection with the Company's initial public offering, or IPO, in August 1997, the Operating Partnership received a contribution of interests in real estate properties as well as a 95% economic, non-voting interest in the management, leasing and construction companies affiliated with S.L. Green Properties. We refer to these management, leasing and construction entities, which are owned by SL Green Management Corp, as the "Service Corporation." The Company is organized so as to qualify and have elected to qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code.

Substantially all of our assets are held by, and all of our operations are conducted through, the Operating Partnership. We are the sole managing general partner of the Operating Partnership, and as of December 31, 2015, we owned 96.39% of its economic interests. All of the management and leasing operations with respect to our wholly-owned properties are conducted through SL Green Management LLC, or Management LLC. The Operating Partnership owns a 100% interest in Management LLC.

In order to maintain the Company's qualification as a REIT while realizing income from management, leasing and construction contracts with third parties and joint venture properties, all of these service operations are conducted through the Service Corporation, a consolidated variable interest entity. We, through our Operating Partnership, expect to receive substantially all of the cash flow from the Service Corporation's operations. All of the voting common stock of the Service Corporation is held by an entity owned and controlled by the chairman of the Company's board of directors.

Business and Growth Strategies

SL Green is New York City's largest commercial landlord and an S&P 500 company that is focused primarily on acquiring, managing and maximizing the value of Manhattan commercial properties.

Our core business is the ownership of high quality commercial properties and our primary business objective is to maximize the total return to stockholders, through growth in funds from operations and through asset value appreciation. The commercial real estate expertise resulting from owning, operating, investing and lending in Manhattan for over 35 years has enabled us to invest in a collection of premier office and retail properties, selected multifamily residential assets, and high quality debt and preferred equity investments. We also own high quality office properties in the surrounding markets of Brooklyn, Long Island, Westchester County, Connecticut and New Jersey. We are led by a strong, experienced management team that provides a foundation of skills in all aspects of property ownership and management including acquisitions, dispositions, management, leasing, operations, capital improvements, and financing. It is with this team that we have achieved a market leading position in our targeted submarkets.

We seek to enhance the value of our company by executing strategies that include the following:

- Leasing and property management, which capitalizes on our extensive presence and knowledge of the marketplaces in which we operate;
- Acquiring office, retail and residential properties and employing our local market skills to reposition these assets to create incremental cash flow and capital appreciation;
- Investing in debt and preferred equity positions that generate consistent strong risk-adjusted returns, increase the breadth of our market insight, foster key market relationships and source potential future investment opportunities;
-

Executing dispositions through sales or joint ventures that harvest embedded equity that has been generated through management's value enhancing activities; and

• Maintaining a liquid balance sheet with access to diversified sources of property and corporate capital.

Leasing and Property Management

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We seek to capitalize on our management's extensive knowledge of the Manhattan and Suburban markets and the needs of our tenants through proactive leasing and management programs, which include: (i) use of in-depth market experience resulting from managing and leasing tens of millions of square feet of office and retail space since the Company was founded, predominantly in Manhattan; (ii) careful tenant management, which results in long average lease terms and a manageable lease expiration schedule; (iii) utilization of an extensive network of third-party brokers to supplement our in-house leasing team; (iv) use of comprehensive building management analysis and planning; and (v) commitment to tenant satisfaction by providing high quality tenant services at competitive rental rates. It is our belief that our proactive leasing efforts have directly contributed to our average portfolio occupancy consistently exceeding the market average.

Property Acquisitions

We acquire core properties for long-term value appreciation and earnings growth. We also acquire non-core properties that are typically held for shorter periods during which we intend to create significant increases in value. This strategy has resulted in capital gains that increase our investment capital base. In implementing this strategy, we continually evaluate potential acquisition opportunities. These acquisitions may come from new properties as well as properties in which we already hold a joint venture interest or from our debt and preferred equity investments.

Through intimate knowledge of our markets we have developed an ability to source transactions with superior risk-adjusted returns by capturing off-market opportunities that lead to acquisitions at meaningful discounts to replacement costs. In rising markets, we acquire strategic vacancies that provide the opportunity to take advantage of our exceptional leasing and repositioning capabilities to increase cash flow and property value. In stable or falling markets, we target assets featuring credit tenancies with fully escalated in-place rents to provide cash flow stability near-term and the opportunity for increases over time.

Over the last several years, we have expanded our acquisition activities into selected high value retail locations in Manhattan, and multifamily properties. Management's breadth of activities in New York City have enabled us to identify and acquire off-market retail in prime Manhattan locations. Combining our real estate skills and ability to attract premier tenants in an environment of growing retail rents has resulted in transactions that have provided significant capital appreciation. In addition, this same market penetration has permitted us to grow a portfolio of high quality, well-located multifamily properties

In acquiring core and non-core properties, directly or through joint ventures with a predominance of high quality institutional investors, we believe that we have the following advantages over many of our competitors: (i) senior management's average 27 years of experience leading a full-service, fully-integrated real estate company focused on the Manhattan office market; (ii) the ability to offer tax-advantaged structures to sellers through the exchange of ownership interests, including units in our Operating Partnership; and (iii) the ability to close transactions quickly despite complicated structures.

Property Repositioning

Our extensive knowledge of the markets in which we operate and our ability to efficiently plan and execute capital projects provide the expertise to enhance returns by repositioning properties that are underperforming. Many of the retail and commercial office properties we own or seek to acquire feature unique architectural design elements, including large floor plates, and other amenities and characteristics that can be appealing to tenants when fully exploited. Our strategic investment in these properties, combined with our active management and pro-active leasing, provide the opportunity to creatively meet market needs and generate favorable returns.

Debt and Preferred Equity Investments

We invest in well-collateralized debt and preferred equity investments that generate attractive yields. See Note 5, "Debt and Preferred Equity Investments," in the accompanying consolidated financial statements. Knowledge of our markets and our leasing and asset management expertise provide underwriting capabilities that enable a highly educated assessment of risk and return. The benefits of this investment program, which has a carefully managed aggregate size generally not to exceed 10% of our total enterprise value, include the following:

Our typical investments generally provide high current returns and, in certain cases, the potential for future capital gains. Because we are the largest commercial landlord in Manhattan, our expertise and operating capabilities provide

both insight and operating skills that mitigate risk.

In certain cases, these investments may also serve as a potential source of real estate acquisitions for us. This is particularly true when a property's current ownership seeks an efficient off-market transaction, because the current ownership knows that we have already gained knowledge of the asset through the existing investment, and that we can close more efficiently than others if we believe such acquisition would be beneficial.

These investments are concentrated in Manhattan, which helps us gain market insight, awareness of upcoming investment opportunities and foster key relationships that may provide access to future investment opportunities.

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Property Dispositions

We continually evaluate our properties to identify those most suitable to meet our long-term earnings and cash flow growth objectives and contribute to increasing portfolio value. Properties that no longer meet our objectives are evaluated for sale, or in certain cases, joint venture to release equity created through management's value enhancement programs or to take advantage of opportune market valuations.

The capital proceeds generated from these dispositions can be efficiently re-deployed into property acquisitions and debt and preferred equity investments that we expect will provide enhanced future capital gains and earnings growth opportunities. Management may also elect to utilize the capital proceeds from these dispositions to repay existing indebtedness of the Company or its subsidiaries or increase cash liquidity.

Capital Resources

Our objective is to maintain numerous corporate and property level capital sources to obtain the most appropriate and lowest cost financings. This objective is supported by:

Property operations that generally provide stable and growing cash flows through market cycles due to constraints on new supply in Manhattan, long average lease terms, high credit quality tenants and superior leasing, operating and asset management skills;

Concentration of our activities in a Manhattan market that is consistently attractive to property investors and lenders through market cycles relative to other market participants;

Maintaining strong corporate liquidity and careful management of future debt maturities; and

Maintaining access to corporate capital markets through balanced financing and investment activities that result in strong balance sheet and cash flow metrics.

Competition

The leasing of real estate is highly competitive, especially in the Manhattan office market. We compete for tenants with landlords and developers of similar properties located in our markets primarily on the basis of location, rent charged, services provided, balance sheet strength and liquidity and the design and condition of our properties. We face competition from other real estate companies, including other REITs that currently invest in markets other than or in addition to Manhattan, private real estate funds, domestic and foreign financial institutions, life insurance companies, pension trusts, partnerships, individual investors and others that may have greater financial resources or access to capital than we do or that are willing to acquire properties in transactions which are more highly leveraged or with different financial attributes than we are willing to pursue.

Manhattan Office Market Overview

Manhattan is by far the largest office market in the United States, containing more rentable square feet than the next five largest central business district office markets combined. The properties in our portfolio are concentrated in some of Manhattan's most prominent midtown locations.

According to Cushman and Wakefield Research Services as of December 31, 2015, Manhattan has a total inventory of approximately 394.7 million square feet, including approximately 240.3 million square feet in Manhattan. Cushman and Wakefield Research Services estimates that in midtown Manhattan, approximately 4.0 million square feet of new construction will become available next year, approximately 41.7% of which is pre-leased. This increase is partially offset by approximately 1.4 million square feet that is projected to be converted from office use to an alternative use. This will add approximately 1.01% to Manhattan's total inventory gross of conversions and 0.7% net of conversions.

General Terms of Leases in the Manhattan Markets

Leases entered into for space in Manhattan typically contain terms that may not be contained in leases in other U.S. office markets. The initial term of leases entered into for space in Manhattan is generally seven to fifteen years. Tenants leasing space in excess of 10,000 square feet for an initial term of 10 years or longer often will negotiate an option to extend the term of the lease for one or two renewal periods, typically for a term of five years each. The base rent during the initial term often will provide for agreed-upon periodic increases over the term of the lease. Base rent for renewal terms is most often based upon the then fair market rental value of the premises as of the commencement date of the applicable renewal term (generally determined by binding arbitration in the event the landlord and the

tenant are unable to mutually agree upon the fair market value), though base rent for a renewal period may be set at 95% of the then fair market rent. Very infrequently, leases may contain termination options whereby a tenant can terminate the lease obligation before the lease expiration date upon payment of a penalty together with repayment of the unamortized portion of the landlord's transaction costs (e.g., brokerage commissions, free rent periods, tenant improvement allowances, etc.).

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In addition to base rent, a tenant will generally also pay its pro rata share of increases in real estate taxes and operating expenses for the building over a base year, which is typically the year during which the term of the lease commences, based upon the tenant's proportionate occupancy of the building. In some smaller leases (generally less than 10,000 square feet), in lieu of paying additional rent based upon increases in building operating expenses, base rent will be increased each year during the lease term by a set percentage on a compounding basis (though the tenant will still pay its pro rata share of increases in real estate taxes over a base year).

Tenants typically receive a free rent period following commencement of the lease term, which in some cases may coincide with the tenant's construction period.

The landlord most often supplies electricity either on a sub-metered basis at the landlord's cost plus a fixed percentage or a rent inclusion basis (i.e., a fixed fee is added to the base rent for electricity, which amount may increase based upon increases in electricity rates or increases in electrical usage by the tenant). Base building services, other than electricity, such as heat, air conditioning, freight elevator service during business hours and base building cleaning typically are provided at no additional cost, but are included in the building's operating expenses. The tenant will typically pay additional rent only for services which exceed base building services or for services which are provided other than during normal business hours.

In a typical lease for a new tenant renting in excess of 10,000 square feet, the landlord will deliver the premises with existing improvements demolished. In such instances, the landlord will typically provide a tenant improvement allowance, which is a fixed sum that the landlord makes available to the tenant to reimburse the tenant for all or a portion of the tenant's initial construction of its premises. Such sum typically is payable as work progresses, upon submission by the tenant of invoices for the cost of construction and lien waivers. However, in certain leases (most often for relatively small amounts of space), the landlord will construct the premises for the tenant at a cost to the landlord not to exceed an agreed upon amount with the tenant paying any amount in excess of the agreed upon amount. In addition, landlords may rent space to a tenant that is "pre-built" (i.e., space that was constructed by the landlord in advance of lease signing and is ready to for the tenant to move in with the tenant selecting paint and carpet colors).

Occupancy

The following table sets forth the weighted average occupancy rates at our office properties based on space leased as of December 31, 2015, 2014 and 2013:

Property	Percent Occupied as of December 31,			
	2015	2014	2013	
Manhattan properties	94.2	% 95.2	% 94.3	%
Suburban properties	79.0	% 80.7	% 80.4	%
Same-Store properties ⁽¹⁾	93.0	% 91.6	% 90.8	%
Unconsolidated Joint Venture Properties	89.7	% 92.4	% 89.8	%
Portfolio	91.6	% 92.4	% 91.5	%

(1) Same-Store properties for 2015 represents 46 of our 53 consolidated office buildings owned by us at January 1, 2014 and still owned by us in the same manner at December 31, 2015.

Rent Growth

We are constantly evaluating the conditions of the markets in which we operate in order to assess the potential rent growth embedded in our portfolio. We estimated that rents in place at December 31, 2015 for all leases expiring in future periods, excluding triple net leases, in our Manhattan and Suburban consolidated operating properties were 16.3% and 7.4%, respectively, below management's estimates of current market asking rents. Taking rents are typically lower than asking rents and may vary from building to building. We estimated that rents in place at December 31, 2015 for all leases expiring in future periods, excluding triple net leases, in our Manhattan and Suburban operating properties owned through unconsolidated joint ventures were 8.4% and 2.3%, respectively, below management's estimates of current market asking rents. At December 31, 2014, the estimated rents in place for our

Manhattan and Suburban consolidated operating properties were 13.6% and 3.2%, respectively, below management's estimates of the then current market asking rents. At December 31, 2014, the estimated rents in place for our Manhattan and Suburban unconsolidated operating properties were 8.3% and 1.8%, respectively, below management's estimates of the then current market asking rents. As of December 31, 2015, 33.0% and 52.7% of all leases in-place in our Manhattan and Suburban consolidated operating properties, respectively, were scheduled to expire during the next five years. As of December 31, 2015, 38.3% and 40.1% of all leases in-place in our Manhattan and Suburban operating properties owned through unconsolidated joint ventures, respectively, were also scheduled to expire during the next five years. There can be no assurances that our estimates of current market rents are accurate, that market rents currently prevailing will not erode in the future or that we will realize any

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rent growth. However, we believe that rents, which in the current portfolio are below market, provide a potential for long-term internal growth.

Industry Segments

The Company is a REIT that acquires, owns, repositions, manages and leases commercial office, retail and multifamily properties in the New York Metropolitan area and has two reportable segments: real estate and debt and preferred equity investments. We evaluate real estate performance and allocate resources based on earnings contribution to income from continuing operations.

At December 31, 2015, our real estate portfolio was primarily located in one geographical market, the New York Metropolitan area. The primary sources of revenue are generated from tenant rents and escalations and reimbursement revenue. Real estate property operating expenses consist primarily of security, maintenance, utility costs, real estate taxes and, at certain properties, ground rent expense. As of December 31, 2015, three tenants in our office portfolio contributed 9.7%, 9.1%, and 6.2% of our office portfolio annualized cash rent. No other tenant contributed more than 5.0% of our office portfolio annualized cash rent. Office portfolio annualized cash rent includes our consolidated annualized cash rent and our share of joint venture annualized cash rent. No property contributed in excess of 10.0% of our consolidated total revenue for 2015. Our industry segments are discussed in Note 22, "Segment Information," in the accompanying consolidated financial statements.

In January 2016, the tenant that contributed 9.7% of our office portfolio annualized cash rent executed a purchase option provided to them in the lease for the property at 388-390 Greenwich Street in Manhattan. The sale of this property is scheduled to close in December 2017 (subject to customary closing conditions) and would reduce the tenant's contribution to our office portfolio annualized cash rent as of December 31, 2015 to 1.6%.

Employees

At December 31, 2015, we employed 1,177 employees, 187 of whom were managers and professionals, 778 of whom were hourly-paid employees involved in building operations and 109 of whom were clerical, data processing and other administrative employees. There are currently six collective bargaining agreements which cover the workforce that services substantially all of our properties.

Highlights from 2015

Our significant activities from 2015 included:

Corporate

- Joining the S&P 500 Index in recognition of the Company's stature among U.S. publicly traded companies.
- Being recognized by the U.S. EPA as a 2015 ENERGRY STAR ® of the year.

- Receiving final approval from the New York City Council for the development of the 1,401 foot tall One Vanderbilt office tower directly west of Grand Central Terminal.

Leasing

- Signing 187 Manhattan office leases covering approximately 2.3 million square feet. The mark-to-market on signed Manhattan office leases was 15.3% higher in 2015 than the previously fully escalated rents on the same spaces.

- Signing 115 Suburban office leases covering approximately 0.7 million square feet. The mark-to-market on signed Suburban office leases was 1.3% higher in 2015 than the previously fully escalated rents on the same spaces.

Executing a new full-building, 49-year net lease at 562 Fifth Avenue. The lease contains an option for the lessee to purchase the property from the Company for \$100.0 million with annual escalations in the purchase price after the third year.

- Signing a new lease with Giorgio Armani Corp. that will allow Armani to remain in its flagship retail space at 760 Madison Avenue through 2024.

- Signing a 10-year lease with Adidas at 115 Spring Street.

Acquisitions

Closing on the acquisition of Eleven Madison Avenue in Midtown South for \$2.285 billion plus approximately \$300.0 million in costs associated with lease stipulated improvements to the property.

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• Closing on the acquisition of two mixed-use properties located at 187 Broadway and 5-7 Dey Street in Downtown Manhattan for \$63.7 million.

• Closing on the off-market acquisition of a mixed-use residential and retail property located on the Upper East Side of Manhattan for \$50.0 million.

• Closing on the acquisition of our joint venture partner's interest in 600 Lexington Avenue at a gross asset valuation for the consolidated investment of \$284.0 million.

• Closing on the acquisition of a 90.0 percent interest in The SoHo Building at 110 Greene Street based on a gross asset valuation of \$255.0 million.

• Closing on the acquisition of a stake in the 22-building, 2.6 million square foot Stonehenge portfolio, which included 2,724 rental apartments as of closing, for \$40.2 million, expanding our presence in the New York City residential market.

• Closing on the acquisition of additional ownership interests in the 526,000 square foot office building at 800 Third Avenue increasing our ownership to 60.5 percent.

Dispositions

• Closing on the sales of Tower 45, 140-150 Grand Avenue, 180 Maiden Lane and the development properties at 570 & 574 Fifth Avenue for a total of \$992.4 million.

• Closing on the sale of an 80% interest in 131-137 Spring Street for a total gross asset valuation of \$277.8 million.

• Together with our joint venture partners, closing on the sales of the Meadows Office Complex and 315 West 36th Street for total gross asset valuations of \$236.1 million.

• Entering into an agreement to sell 885 Third Avenue for \$453.0 million, which closed in February 2016.

• Together with our joint venture partner, entering into an agreement to sell 33 Beekman Street for total a gross asset valuation of \$196.0 million. The transaction is expected to be completed in the first half of 2016, subject to customary closing conditions.

• Entering into an agreement to sell our 90% interest in the residential condominium at 248-252 Bedford Avenue for a total gross asset valuation of \$55.0 million, which closed in February 2016.

Debt and Preferred Equity Investments

• Originating and retaining, or acquiring, \$781.4 million in debt and preferred equity investments, inclusive of advances under future funding obligations, discount and fee amortization, and paid-in-kind interest, net of premium amortization, and recording \$520.2 million of proceeds from sales, repayments and participations.

Finance

• Obtaining an upgrade in corporate credit rating to investment grade from Moody's Investors Service and an upgrade in corporate credit rating outlook from Stable to Positive from Standard & Poor's Ratings Services. Standard & Poor's Ratings Services increased the Company's credit rating to investment grade in January 2016.

• Expanding our unsecured corporate credit facility by \$500 million, to \$2.533 billion.

• Issuing \$100.0 million of 10-year 4.27% Senior Unsecured Notes via a private placement.

• Repaying the \$120.0 million mortgage on 711 Third Avenue, further increasing the Company's unencumbered asset base.

• Together with our joint venture partner, closing on a \$350.0 million refinancing of 3 Columbus Circle. The new 10-year, fixed rate loan at 3.61% replaces the previous \$229.6 million floating rate mortgage.

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ITEM 1A. RISK FACTORS

Declines in the demand for office space in New York City, and in particular midtown Manhattan, as well as our Suburban markets, including Westchester County, Connecticut, New Jersey and Long Island, could adversely affect the value of our real estate portfolio and our results of operations and, consequently, our ability to service current debt and to pay dividends and distributions to security holders.

The majority of our property holdings are comprised of commercial office properties located in midtown Manhattan. Our property holdings also include a number of retail properties and multifamily residential properties. As a result, our business is dependent on the condition of the New York City economy in general and the market for office space in midtown Manhattan in particular. Future weakness and uncertainty in the New York City economy could materially reduce the value of our real estate portfolio and our rental revenues, and thus adversely affect our cash flow and our ability to service current debt and to pay dividends and distributions to security holders. Similarly, future weakness and uncertainty in our suburban markets could adversely affect our cash flow and our ability to service current debt and to pay dividends and distributions to security holders.

We believe that job creation in the financial and professional services industries in New York City impacts our overall financial performance. Both new leasing activity and overall asking rents could be negatively impacted by declining rates of job creation in the current or future periods.

We may be unable to renew leases or relet space as leases expire.

If our tenants decide not to renew their leases upon their expiration, we may not be able to relet the space. Even if tenants do renew or we can relet the space, the terms of a renewal or new lease, taking into account among other things, the cost of improvements to the property and leasing commissions, may be less favorable than the terms in the expired leases. As of December 31, 2015, approximately 8.3 million and approximately 1.3 million square feet, representing approximately 35.7% and approximately 38.6% of the rentable square feet, are scheduled to expire by December 31, 2020 at our consolidated properties and unconsolidated joint venture properties, respectively, and as of December 31, 2015, these leases had annualized escalated rent totaling \$477.6 million and \$86.9 million, respectively. We also have leases with termination options beyond 2020. In addition, changes in space utilization by our tenants may impact our ability to renew or relet space without the need to incur substantial costs in renovating or redesigning the internal configuration of the relevant property. If we are unable to promptly renew the leases or relet the space at similar rates or if we incur substantial costs in renewing or reletting the space, our cash flow and ability to service debt obligations and pay dividends and distributions to security holders could be adversely affected.

We face significant competition for tenants.

The leasing of real estate is highly competitive. The principal competitive factors are rent, location, services provided and the nature and condition of the property to be leased. We directly compete with all owners, developers and operators of similar space in the areas in which our properties are located.

Our commercial office properties are concentrated in highly developed areas of midtown Manhattan and certain Suburban central business districts, or CBDs. Manhattan is the largest office market in the United States. The number of competitive office properties in Manhattan and CBDs in which our Suburban properties are located, which may be newer or better located than our properties, could have a material adverse effect on our ability to lease office space at our properties, and on the effective rents we are able to charge.

The expiration of long term leases or operating sublease interests where we do not own a fee interest in the land could adversely affect our results of operations.

Our interests in 420 Lexington Avenue, 461 Fifth Avenue, 711 Third Avenue, 625 Madison Avenue, 1185 Avenue of the Americas, 1080 Amsterdam Avenue, and 30 East 40th Street, all in Manhattan, and 1055 Washington Avenue, Stamford, Connecticut, are entirely or partially comprised of either long-term leasehold or operating sublease interests in the land and the improvements, rather than by ownership of fee interest in the land.

We have the ability to acquire the fee position at 461 Fifth Avenue for a fixed price on a specific date. The average remaining term of these long-term leases as of December 31, 2015, including our unilateral extension rights on each of the properties, is 46 years. Pursuant to the leasehold arrangements, we, as tenant under the operating sublease,

perform the functions traditionally performed by landlords with respect to our subtenants. We are responsible for not only collecting rent from our subtenants, but also maintaining the property and paying expenses relating to the property. Our share of annualized cash rents of the commercial office properties held through long-term leases or operating sublease interests at December 31, 2015 totaled \$99.8 million, or 7.2%, of our share of total Portfolio annualized cash rent. Unless we purchase a fee interest in the underlying land or extend the terms of these leases prior to their expiration, we will lose our right to operate these properties upon expiration of the leases, which could adversely affect our financial condition and results of operations.

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Adverse economic and geopolitical conditions in general and the commercial office markets in the New York Metropolitan area in particular could have a material adverse effect on our results of operations and financial condition and, consequently, our ability to service debt obligations and to pay dividends and distributions to security holders.

Our business may be affected by volatility in the financial and credit markets and other market or economic challenges experienced by the U.S. economy or the real estate industry as a whole. Future periods of economic weakness could result in reduced access to credit and/or wider credit spreads. Economic uncertainty, including concern about growth and the stability of the markets generally, may lead many lenders and institutional investors to reduce, and in some cases, cease to provide funding to borrowers, which could adversely affect our liquidity and financial condition, and the liquidity and financial condition of our tenants. Our business may also be adversely affected by local economic conditions, as substantially all of our revenues are derived from our properties located in the New York Metropolitan area, particularly in New York, New Jersey and Connecticut. Because our portfolio consists primarily of commercial office buildings, located principally in midtown Manhattan, as compared to a more diversified real estate portfolio, if economic conditions deteriorate, then our results of operations, financial condition and ability to service current debt and to pay dividends to our stockholders may be adversely affected. Specifically, our business may be affected by the following conditions:

- significant job losses or declining rates of job creation which may decrease demand for our office space, causing market rental rates and property values to be negatively impacted;
- our ability to borrow on terms and conditions that we find acceptable may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reducing our returns from both our existing operations and our acquisition and development activities and increasing our future interest expense; and
- reduced values of our properties, which may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans.

We rely on five large properties for a significant portion of our revenue.

Five of our properties, 420 Lexington Avenue, 11 Madison Avenue, 1185 Avenue of the Americas, 388-390 Greenwich and 1515 Broadway, accounted for 35.9% of our Portfolio annualized cash rent, which includes our share of joint venture annualized cash rent as of December 31, 2015. Citigroup, Inc. has exercised its option to purchase 388-390 Greenwich Street for \$2.0 billion, net of any unfunded tenant concessions. The closing is scheduled for December 2017 and is subject to customary closing conditions. Closing of the sale would reduce Citigroup, Inc.'s tenant's contribution to our office portfolio annualized cash rent as of December 31, 2015 from 9.7% to 1.6%.

Our revenue and cash available to service debt obligations and for distribution to our stockholders would be materially adversely affected if any of these properties were materially damaged or destroyed. Additionally, our revenue and cash available to service debt obligations and for distribution to our stockholders would be materially adversely affected if tenants at these properties fail to timely make rental payments due to adverse financial conditions or otherwise, default under their leases or file for bankruptcy or become insolvent.

Our results of operations rely on major tenants and insolvency or bankruptcy of these or other tenants could adversely affect our results of operations.

Giving effect to leases in effect as of December 31, 2015 for consolidated properties and unconsolidated joint venture properties, as of that date, our five largest tenants, based on annualized cash rent, accounted for 28.4% of our share of Portfolio annualized cash rent, with three tenants, Citigroup, Inc., Viacom International Inc., and Credit Suisse Securities (USA) LLC accounting for 9.7%, 9.1%, and 6.2% of our share of Portfolio annualized cash rent, respectively. Our business and results of operations would be adversely affected if any of our major tenants became insolvent, declared bankruptcy, or otherwise refused to pay rent in a timely fashion or at all. Citigroup, Inc., our largest tenant as of December 31, 2015 by share of Portfolio annualized cash rent, has exercised its option to purchase 388-390 Greenwich Street as discussed above. In addition, if business conditions in the industries in which our tenants are concentrated deteriorate, we may experience increases in past due accounts, defaults, lower occupancy and reduced effective rents across tenants in such industries, which could in turn have an adverse effect on our business and results of operations.

Leasing office space to smaller and growth-oriented businesses could adversely affect our cash flow and results of operations.

Some of the tenants in our properties are smaller, growth-oriented businesses that may not have the financial strength of larger corporate tenants. Smaller companies generally experience a higher rate of failure than larger businesses. Growth-oriented firms may also seek other office space as they develop. Leasing office space to these companies could create a higher risk of tenant defaults, turnover and bankruptcies, which could adversely affect our cash flow and results of operations.

We may suffer adverse consequences if our revenues decline since our operating costs do not necessarily decline in proportion to our revenue.

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We earn a significant portion of our income from renting our properties. Our operating costs, however, do not necessarily fluctuate in direct proportion to changes in our rental revenue. As a result, our costs will not necessarily decline even if our revenues do. In such event, we may be forced to borrow to cover our costs, we may incur losses or we may not have cash available to service our debt and to pay dividends and distributions to security holders.

We face risks associated with property acquisitions.

We may acquire interests in properties, individual properties and portfolios of properties, including large portfolios that could significantly increase our size and alter our capital structure. Our acquisition activities may be exposed to, and their success may be adversely affected by, the following risks:

- we may be unable to meet required closing conditions;
- we may be unable to finance acquisitions and developments of properties on favorable terms or at all;
- we may be unable to lease our acquired properties on the same terms or to the same level of occupancy as our existing properties;
- acquired properties may fail to perform as we expected;
- we may expend funds on, and devote management time to, acquisition opportunities which we do not complete, which may include non-refundable deposits;
- our estimates of the costs we incur in renovating, improving, developing or redeveloping acquired properties may be inaccurate;
- we may not be able to obtain adequate insurance coverage for acquired properties; and
- we may be unable to quickly and efficiently integrate new acquisitions and developments, particularly acquisitions of portfolios of properties, into our existing operations, and therefore our results of operations and financial condition could be adversely affected.

We may acquire properties subject to both known and unknown liabilities and without any recourse, or with only limited recourse to the seller. As a result, if a liability were asserted against us arising from our ownership of those properties, we might have to pay substantial sums to settle it, which could adversely affect our cash flow. Unknown liabilities with respect to properties acquired might include:

- claims by tenants, vendors or other persons arising from dealing with the former owners of the properties;
- liabilities incurred in the ordinary course of business;
- claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties; and
- liabilities for clean-up of undisclosed environmental contamination.

Competition for acquisitions may reduce the number of acquisition opportunities available to us and increase the costs of those acquisitions.

We may acquire properties when we are presented with attractive opportunities. We may face competition for acquisition opportunities from other investors, particularly those investors who are willing to incur more leverage, and this competition may adversely affect us by subjecting us to the following risks:

- an inability to acquire a desired property because of competition from other well-capitalized real estate investors, including publicly traded and privately held REITs, private real estate funds, domestic and foreign financial institutions, life insurance companies, sovereign wealth funds, pension trusts, partnerships and individual investors; and
- an increase in the purchase price for such acquisition property.

If we are unable to successfully acquire additional properties, our ability to grow our business could be adversely affected. In addition, increases in the cost of acquisition opportunities could adversely affect our results of operations. We have commenced construction for our ground-up development project at One Vanderbilt Avenue.

The Company has obtained the approvals necessary to commence its significant ground-up development project at One Vanderbilt Avenue, and has commenced demolition for that project. Construction of the project will not be completed for several years. As with any ground-up development project, unforeseen delays and other matters could further delay completion, result in increased costs or otherwise have a material effect on our results of operations. In addition, the extended time frame to complete the project will cause the project to be subject to shifts in market, which

could result in leasing or other trends that are not consistent with our current business plans for this property and we may not realize the expected benefits of the project.

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We are subject to risks that affect the retail environment.

Approximately 3.8% of our Portfolio annualized cash rent is generated by retail properties, principally in Manhattan. As a result, we are subject to risks that affect the retail environment generally, including the level of consumer spending, consumer confidence and levels of tourism in Manhattan. These factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our retail properties, which could in turn have an adverse effect on our business and results of operations.

The occurrence of a terrorist attacks may adversely affect the value of our properties and our ability to generate cash flow.

Our operations are primarily concentrated in the New York Metropolitan area. In the aftermath of a terrorist attack or other acts of terrorism or war, tenants in the New York Metropolitan area may choose to relocate their business to less populated, lower-profile areas of the United States that those tenants believe are not as likely to be targets of future terrorist activity. In addition, economic activity could decline as a result of terrorist attacks or other acts of terrorism or war, or the perceived threat of such acts. Each of these impacts could in turn trigger a decrease in the demand for space in the New York Metropolitan area, which could increase vacancies in our properties and force us to lease our properties on less favorable terms. Furthermore, we may also experience increased costs in relation to security equipment and personnel. As a result, the value of our properties and our results of operations could materially decline.

Potential losses may not be covered by insurance.

We maintain “all-risk” property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism) within three property insurance portfolios and liability insurance. The first property portfolio maintained a blanket limit of \$950.0 million per occurrence, including terrorism, for the majority of the New York City properties in our portfolio and expires December 31, 2017. The second portfolio maintains a limit of \$1.5 billion per occurrence, including terrorism, for several New York City properties and the majority of the Suburban properties and expires December 31, 2017. Each policy includes \$100.0 million of flood coverage, with a lower sublimit for locations in high hazard flood zones. A third blanket property policy covers most of our residential assets and maintains a limit of \$380.1 million per occurrence, including terrorism, for our residential properties and expires January 31, 2018. We maintain two liability policies which cover all our properties and provide limits of \$201.0 million per occurrence and in the aggregate per location. The liability policies expire on October 31, 2016 and January 31, 2017 and cover our commercial and residential assets, respectively. Additional coverage may be purchased on a stand-alone basis for certain assets.

Our wholly-owned taxable REIT subsidiary, Belmont Insurance Company, or Belmont, acts as a captive insurance company and as one of the elements of our overall insurance program. Belmont was formed in an effort to, among other reasons, stabilize to some extent the impact on us of fluctuations of insurance market conditions. Belmont is licensed in New York to write Terrorism, NBCR (nuclear, biological, chemical, and radiological), General Liability, Environmental Liability, Flood, and D&O coverage. As long as we own Belmont, we are responsible for its liquidity and capital resources, and the accounts of Belmont are part of our consolidated financial statements. If we experience a loss and Belmont is required to pay a claim under our insurance policy, we would ultimately record the loss to the extent of Belmont’s required payment. Belmont is not reinsured by a third-party. Therefore, insurance coverage provided by Belmont should not be considered as the equivalent of third-party insurance, but rather as a modified form of self-insurance.

On January 12, 2015, the Terrorism Risk Insurance Program Reauthorization and Extension Act of 2007 (TRIPRA) (formerly the Terrorism Risk Insurance Act) was reauthorized until December 31, 2020 pursuant to the Terrorism Insurance Program Reauthorization and Extension Act of 2015. The TRIPRA extends the federal Terrorism Insurance Program that requires insurance companies to offer terrorism coverage and provides for compensation for insured losses resulting from acts of certified terrorism, subject to the current program trigger of \$100.0 million, which will increase by \$20 million per annum, commencing December 31, 2015. Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), mezzanine loans, ground leases, our 2012 credit facility, senior unsecured notes and other corporate obligations, contain customary covenants requiring us to

maintain insurance. Although we believe that we currently maintain sufficient insurance coverage to satisfy these obligations, there is no assurance that in the future we will be able to procure coverage at a reasonable cost. In such instances, there can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from “all-risk” insurance coverage for losses due to, for example, terrorist acts is a breach of these debt and ground lease instruments allowing the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions. In addition, if lenders require greater coverage that we are unable to obtain at commercially reasonable rates, we may incur substantially higher insurance premiums or our ability to finance our properties and expand our portfolio may be adversely impacted.

Furthermore, with respect to certain of our properties, including properties held by joint ventures, or subject to triple net leases, insurance coverage is obtained by a third-party and we do not control the coverage. While we may have agreements with such third parties requiring them to maintain adequate coverage and we monitor these policies, such coverage ultimately may not be maintained or adequately cover our risk of loss. Additionally, we may have less protection than with respect to the properties

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where we obtain coverage directly. Although we consider our insurance coverage to be appropriate, in the event of a major catastrophe, we may not have sufficient coverage to replace certain properties.

We face possible risks associated with the natural disasters and the physical effects of climate change.

We are subject to the risks associated with natural disasters and the physical effects of climate change, which can include storms, hurricanes and flooding, any of which could have a material adverse effect on our properties, operations and business. To the extent climate change causes changes in weather patterns, our markets could experience increases in storm intensity and rising sea-levels. Over time, these conditions could result in declining demand for office space in our buildings or the inability of us to operate the buildings at all. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable, increasing the cost of energy at our properties and requiring us to expend funds as we seek to repair and protect our properties against such risks. There can be no assurance that climate change will not have a material adverse effect on our properties, operations or business.

SL Green depends on dividends and distributions from its direct and indirect subsidiaries.

Substantially all of our assets are held through our Operating Partnership that holds substantially all of its properties and assets through subsidiaries. Our Operating Partnership's cash flow is dependent on cash distributions to it by its subsidiaries, and in turn, substantially all of SL Green's cash flow is dependent on cash distributions to it by our Operating Partnership. The creditors of each of our direct and indirect subsidiaries are entitled to payment of that subsidiary's obligations to them, when due and payable, before distributions may be made by that subsidiary to its equity holders.

Therefore, our Operating Partnership's ability to make distributions to holders of its partnership units depends on its subsidiaries' ability first to satisfy their obligations to their creditors and then to make distributions to our Operating Partnership. Likewise, SL Green's ability to pay dividends to holders of common stock and preferred stock depends on our Operating Partnership's ability first to satisfy its obligations to its creditors and make distributions payable to holders of preferred units and then to make distributions to SL Green.

Furthermore, the holders of preferred partnership units of our Operating Partnership are entitled to receive preferred distributions before payment of distributions to holders of common units of our Operating Partnership, including SL Green. Thus, SL Green's ability to pay cash dividends to its shareholders and satisfy its debt obligations depends on our Operating Partnership's ability first to satisfy its obligations to its creditors and make distributions to holders of its preferred partnership units and then to holders of its common units, including SL Green.

In addition, SL Green's participation in any distribution of the assets of any of its direct or indirect subsidiaries upon the liquidation, reorganization or insolvency, is only after the claims of the creditors, including trade creditors and preferred security holders, are satisfied.

Debt financing, financial covenants, degree of leverage, and increases in interest rates could adversely affect our economic performance.

Scheduled debt payments could adversely affect our results of operations.

Cash flow could be insufficient to pay dividends and meet the payments of principal and interest required under our current mortgages, our 2012 credit facility, our senior unsecured notes, our debentures and indebtedness outstanding at our joint venture properties. The total principal amount of our outstanding consolidated indebtedness was \$10.4 billion as of December 31, 2015, consisting of \$1.9 billion under our 2012 credit facility (inclusive of our \$933.0 million term loan), \$1.4 billion under our senior unsecured notes, \$100.0 million of junior subordinated deferrable interest debentures and \$7.0 billion of non-recourse mortgages and loans payable on certain of our properties and debt and preferred equity investments, and recourse loans on one of our investments. In addition, we could increase the amount of our outstanding consolidated indebtedness in the future, in part by borrowing under the revolving credit facility portion of our 2012 credit facility. The \$1.6 billion revolving credit facility portion of our 2012 credit facility currently matures in March 2020, which includes two six-month extension options. In the first quarter of 2015 we modified and extended the revolving credit facility from March 2018 to March 2020 and reduced the margin by 25 basis points. This modification took effect in the first quarter of 2015. As of December 31, 2015, the total principal amount of non-recourse indebtedness outstanding at the joint venture properties was \$4.3 billion, of which our

proportionate share was \$1.7 billion. As of December 31, 2015, the total principal amount of recourse indebtedness outstanding at one of our unconsolidated joint venture properties was \$18.4 million.

If we are unable to make payments under our 2012 credit facility, all amounts due and owing at such time shall accrue interest at a rate equal to 2% higher than the rate at which each draw was made. If we are unable to make payments under our senior unsecured notes, the principal and unpaid interest will become immediately payable. If a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose on the property, resulting in loss of income and asset value. Foreclosure on mortgaged properties or an inability to make payments under our 2012 credit

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facility or our senior unsecured notes could trigger defaults under the terms of our other financings, making such financings at risk of being declared immediately payable, and would have a negative impact on our financial condition and results of operations.

We may not be able to refinance existing indebtedness, which may require substantial principal payments at maturity. In 2016, \$253.4 million under the master repurchase agreement facility, \$146.1 million of mortgage debt on our consolidated properties and \$529.6 million of mortgage debt representing the portion of unconsolidated joint venture mortgage debt attributable to us matures. At the present time we intend to exercise extension options, repay or refinance the debt associated with our properties on or prior to their respective maturity dates. At the time of refinancing, prevailing interest rates or other factors, such as the possible reluctance of lenders to make commercial real estate loans, may result in higher interest rates. Increased interest expense on the extended or refinanced debt would adversely affect cash flow and our ability to service debt obligations and pay dividends and distributions to security holders. If any principal payments due at maturity cannot be repaid, refinanced or extended, our cash flow will not be sufficient to repay maturing or accelerated debt.

Financial covenants could adversely affect our ability to conduct our business.

The mortgages and mezzanine loans on our properties generally contain customary negative covenants that limit our ability to further mortgage the properties, to enter into material leases without lender consent or materially modify existing leases, among other things. In addition, our 2012 credit facility and senior unsecured notes contain restrictions and requirements on our method of operations. Our 2012 credit facility and our unsecured notes also require us to maintain designated ratios, including but not limited to, total debt-to-assets, debt service coverage and unencumbered assets-to-unsecured debt. These restrictions could adversely affect operations (including reducing our flexibility and our ability to incur additional debt), our ability to pay debt obligations and our ability to pay dividends and distributions to security holders.

Rising interest rates could adversely affect our cash flow.

Advances under our 2012 credit facility and certain property-level mortgage debt bear interest at a variable rate. Our consolidated variable rate borrowings totaled \$3.2 billion at December 31, 2015. In addition, we could increase the amount of our outstanding variable rate debt in the future, in part by borrowing additional amounts under our 2012 credit facility, which consisted of a \$1.6 billion revolving credit facility and \$933.0 million term loan. Borrowings under our revolving credit facility and term loan bore interest at the 30-day LIBOR, plus spreads of 125 basis points and 140 basis points, respectively, at December 31, 2015. As of December 31, 2015, borrowings under our 2012 credit facility and junior subordinated deferrable interest debentures totaled \$1.9 billion and \$100.0 million, respectively, and bore weighted average interest at 1.45% and 3.92%, respectively. We may incur indebtedness in the future that also bears interest at a variable rate or may be required to refinance our debt at higher rates. At December 31, 2015, a hypothetical 100 basis point increase in interest rates across each of our variable interest rate instruments would increase our annual interest costs by \$19.5 million and would increase our share of joint venture annual interest costs by \$6.5 million. Our joint ventures may also incur variable rate debt and face similar risks.

Accordingly, increases in interest rates could adversely affect our results of operations and financial conditions and our ability to continue to pay dividends and distributions to security holders.

Failure to hedge effectively against interest rate changes may adversely affect results of operations.

The interest rate hedge instruments we use to manage some of our exposure to interest rate volatility involve risk and counterparties may fail to honor their obligations under these arrangements. In addition, these arrangements may not be effective in reducing our exposure to interest rate changes and when existing interest rate hedges terminate, we may incur increased costs in putting in place further interest rate hedges. Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

Increases in our level of indebtedness could adversely affect our stock price.

Our organizational documents do not contain any limitation on the amount of indebtedness we may incur. As of December 31, 2015, assuming the conversion of all outstanding units of the Operating Partnership into shares of SL Green's common stock, our combined debt-to-market capitalization ratio, including our share of joint venture debt of \$1.7 billion, was 49.8%. Our market capitalization is variable and does not necessarily reflect the fair market value of

our assets at all times. We also consider factors other than market capitalization in making decisions regarding the incurrence of indebtedness, such as the purchase price of properties to be acquired with debt financing, the estimated market value of our properties upon refinancing and the ability of particular properties and our business as a whole to generate cash flow to cover expected debt service. Any changes that increase our debt to market capitalization percentage could be viewed negatively by investors. As a result, our stock price could decrease.

A downgrade in our credit ratings could materially adversely affect our business and financial condition.

Our credit rating and the credit ratings assigned to our debt securities and our preferred stock could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies, and any rating could be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant such action. Moreover, these credit ratings are not recommendations to buy, sell or hold our common stock or any other

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securities. If any of the credit rating agencies that have rated our securities downgrades or lowers its credit rating, or if any credit rating agency indicates that it has placed any such rating on a “watch list” for a possible downgrading or lowering, or otherwise indicates that its outlook for that rating is negative, such action could have a material adverse effect on our costs and availability of funding, which could in turn have a material adverse effect on our financial condition, results of operations, cash flows, the trading price of our securities and our ability to satisfy our debt service obligations and to pay dividends and distributions to security holders.

Debt and preferred equity investments could cause us to incur expenses, which could adversely affect our results of operations.

We held first mortgages, mezzanine loans, junior participations and preferred equity interests in 41 investments with an aggregate net book value of \$1.7 billion at December 31, 2015. Some of these instruments may be recourse to their sponsors, while others are limited to the collateral securing the loan. In the event of a default under these obligations, we may have to take possession of the collateral securing these interests. Borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce their obligations to us. Declines in the value of the property may prevent us from realizing an amount equal to our investment upon foreclosure or realization even if we make substantial improvements or repairs to the underlying real estate in order to maximize such property's investment potential. In addition, we may invest in mortgage-backed securities and other marketable securities.

We maintain and regularly evaluate the need for reserves to protect against potential future losses. Our reserves reflect management's judgment of the probability and severity of losses and the value of the underlying collateral. We cannot be certain that our judgment will prove to be correct and that our reserves will be adequate over time to protect against future losses because of unanticipated adverse changes in the economy or events adversely affecting specific properties, assets, tenants, borrowers, industries in which our tenants and borrowers operate or markets in which our tenants and borrowers or their properties are located. As of December 31, 2015, we had no recorded reserves for possible credit losses. If our reserves for credit losses prove inadequate, we could suffer losses which would have a material adverse effect on our financial performance, the market prices of our securities and our ability to pay dividends and distributions to security holders.

Joint investments could be adversely affected by our lack of sole decision-making authority and reliance upon a co-venturer's financial condition.

We co-invest with third parties through partnerships, joint ventures, co-tenancies or other structures, and by acquiring non-controlling interests in, or sharing responsibility for managing the affairs of, a property, partnership, joint venture, co-tenancy or other entity. Therefore, we may not be in a position to exercise sole decision-making authority regarding such property, partnership, joint venture or other entity. Investments in partnerships, joint ventures, or other entities may involve risks not present were a third party not involved, including the possibility that our partners, co-tenants or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions. Additionally, our partners or co-venturers might at any time have economic or other business interests or goals which are competitive or inconsistent with our business interests or goals. These investments may also have the potential risk of impasses on decisions such as a sale, because neither we, nor the partner, co-tenant or co-venturer would have full control over the partnership or joint venture. In addition, we may in specific circumstances be liable for the actions of our third-party partners, co-tenants or co-venturers. As of December 31, 2015, our unconsolidated joint ventures owned 21 properties and we had an aggregate cost basis in these joint ventures totaling \$1.2 billion. As of December 31, 2015, our share of unconsolidated joint venture debt, which is non-recourse to us, totaled \$1.7 billion. As of December 31, 2015, our share of unconsolidated joint venture debt, which is recourse to us, totaled \$18.4 million.

Certain of our joint venture agreements contain terms in favor of our partners that could have an adverse effect on the value of our investments in the joint ventures.

Each of our joint venture agreements has been individually negotiated with our partner in the joint venture and, in some cases, we have agreed to terms that are more favorable to our partner in the joint venture than to us. For example, our partner may be entitled to a specified portion of the profits of the joint venture before we are entitled to

any portion of such profits. We may also enter into similar arrangements in the future. These rights may permit our partner in a particular joint venture to obtain a greater benefit from the value or profits of the joint venture than us, which could have an adverse effect on the value of our investment in the joint venture and on our financial condition and results of operations.

We may incur costs to comply with environmental and health and safety laws.

We are subject to various federal, state and local environmental and health and safety laws which change from time to time. These laws regulate, among other things, air and water quality, our use, storage, disposal and management of hazardous substances and wastes and can impose liability on current and former property owners or operators for the clean-up of certain hazardous substances released on a property and any associated damage to natural resources without regard to whether the release was in compliance with law or whether it was caused by, or known to, the property owner or operator. The presence of hazardous substances on our properties may adversely affect occupancy and our ability to develop or sell or borrow against those properties. In addition

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to potential liability for clean-up costs, private plaintiffs may bring claims for personal injury, property damage or for similar reasons. Various laws also impose liability for the clean-up of contamination at any facility (e.g., a landfill) to which we have sent hazardous substances for treatment or disposal, without regard to whether the materials were transported, treated and disposed in accordance with law. Being held responsible for such a clean-up could result in significant cost to us and have a material adverse effect on our financial condition and results of operations.

We may incur significant costs complying with the Americans with Disabilities Act and other regulatory and legal requirements.

Our properties may be subject to risks relating to current or future laws including laws benefiting disabled persons, and other state or local zoning, construction or other regulations. These laws may require significant property modifications in the future, which could result in fines being levied against us in the future. The occurrence of any of these events could have an adverse impact on our cash flows and ability to pay dividends to stockholders.

Under the Americans with Disabilities Act, or ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. Additional federal, state and local laws also may require modifications to our properties, or restrict our ability to renovate our properties. We have not conducted an audit or investigation of all of our properties to determine our compliance with laws and regulations to which we are subject. If one or more of our properties is not in compliance with the material provisions of the ADA or other legislation, then we may be required to incur additional costs to bring the property into compliance with the ADA or state or local laws. We cannot predict the ultimate amount of the cost of compliance with ADA or other legislation. If we incur substantial costs to comply with the ADA and any other legislation, our financial condition, results of operations and cash flow and/or ability to satisfy our debt service obligations and to pay dividends and distributions to security holders could be adversely affected.

Our charter documents, debt instruments and applicable law may hinder any attempt to acquire us, which could discourage takeover attempts and prevent our stockholders from receiving a premium over the market price of our stock.

Provisions of SL Green's charter and bylaws could inhibit changes in control.

A change of control of our company could benefit stockholders by providing them with a premium over the then-prevailing market price of our stock. However, provisions contained in SL Green's charter and bylaws may delay or prevent a change in control of our company. These provisions, discussed more fully below, are:

• staggered board of directors;

• ownership limitations; and

• the board of directors' ability to issue additional common stock and preferred stock without stockholder approval.

SL Green's board of directors is staggered into three separate classes.

SL Green's board of directors is divided into three classes, with directors in each such class serving staggered three year terms. The terms of the class I, class II and class III directors expire in 2016, 2017 and 2018, respectively. Our staggered board may deter a change in control because of the increased time period necessary for a third-party to acquire control of the board.

We have a stock ownership limit.

To remain qualified as a REIT for federal income tax purposes, not more than 50% in value of our outstanding capital stock may be owned by five or fewer individuals at any time during the last half of any taxable year. For this purpose, stock may be "owned" directly, as well as indirectly under certain constructive ownership rules, including, for example, rules that attribute stock held by one shareholder to another shareholder. In part to avoid violating this rule regarding stock ownership limitations and maintain our REIT qualification, SL Green's charter prohibits ownership by any single stockholder of more than 9.0% in value or number of shares of its common stock. Limitations on the ownership of preferred stock may also be imposed by us.

SL Green's board of directors has the discretion to raise or waive this limitation on ownership for any stockholder if deemed to be in our best interest. To obtain a waiver, a stockholder must present the board and our tax counsel with evidence that ownership in excess of this limit will not affect our present or future REIT status.

Absent any exemption or waiver, stock acquired or held in excess of the limit on ownership will be transferred to a trust for the exclusive benefit of a designated charitable beneficiary, and the stockholder's rights to distributions and to vote would terminate. The stockholder would be entitled to receive, from the proceeds of any subsequent sale of the shares transferred to the charitable trust, the lesser of: the price paid for the stock or, if the owner did not pay for the stock, the market price of the stock on the date of the event causing the stock to be transferred to the charitable trust; and the amount realized from the sale.

This limitation on ownership of stock could delay or prevent a change in control of our company.

Debt may not be assumable.

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We had \$10.4 billion in consolidated debt as of December 31, 2015. Certain of this debt is not assumable and may be subject to significant prepayment penalties. These limitations could deter a change in control of our company.

Maryland takeover statutes may prevent a change of control of our company, which could depress our stock price.

Under the Maryland General Corporation Law, or the MGCL, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, stock exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

any person who beneficially owns 10% or more of the voting power of the corporation's outstanding voting stock; or an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation. A person is not an interested stockholder under the statute if the board of directors approves in advance the transaction by which he otherwise would have become an interested stockholder.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation, voting together as a single group; and

two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

The business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer, including potential acquisitions that might involve a premium price for SL Green's common stock or otherwise be in the best interest of our stockholders.

In addition, Maryland law provides that holders of "control shares" of a Maryland corporation acquired in a "control share acquisition" will not have voting rights with respect to the control shares except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock owned by the acquiror, by officers of the corporation or by directors who are employees of the corporation, under the Maryland Control Share Acquisition Act. "Control shares" means voting shares of stock that, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power: (i) one-tenth or more but less than one-third; (ii) one-third or more but less than a majority; or (iii) a majority or more of all voting power. A "control share acquisition" means the acquisition of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

We have opted out of these provisions of the MGCL, with respect to business combinations and control share acquisitions, by resolution of SL Green's board of directors and a provision in SL Green's bylaws, respectively.

However, in the future, SL Green's board of directors may reverse its decision by resolution and elect to opt in to the MGCL's business combination provisions, or amend SL Green's bylaws and elect to opt in to the MGCL's control share provisions.

Additionally, the MGCL permits SL Green's board of directors, without stockholder approval and regardless of what is provided in SL Green's charter or bylaws, to implement takeover defenses, some of which have not been implemented by SL Green's board of directors. Such takeover defenses, if implemented, may have the effect of inhibiting a third party from making us an acquisition proposal or of delaying, deferring or preventing a change in our control under circumstances that otherwise could provide our stockholders with an opportunity to realize a premium over the then-current market price.

Future issuances of common stock, preferred stock and convertible debt could dilute existing stockholders' interests.

SL Green's charter authorizes its board of directors to issue additional shares of common stock, preferred stock and convertible equity or debt without stockholder approval and without the requirement to offer rights of pre-emption to existing stockholders. Any such issuance could dilute our existing stockholders' interests. Also, any future series of preferred stock may have voting provisions that could delay or prevent a change of control of our company.

Changes in market conditions could adversely affect the market price of SL Green's common stock.

As with other publicly traded equity securities, the value of SL Green's common stock depends on various market conditions, which may change from time to time. In addition to the current economic environment and future volatility in the securities and credit markets, the following market conditions may affect the value of SL Green's common stock:

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- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our financial performance; and
- general stock and bond market conditions.

The market value of SL Green's common stock is based on a number of factors including, but not limited to, the market's perception of the current and future value of our assets, our growth potential and our current and potential future earnings and cash dividends. Consequently, SL Green's common stock may trade at prices that are higher or lower than our net asset value per share of common stock.

The trading price of SL Green's common stock has been and may continue to be subject to wide fluctuations. Between January 1, 2015 and December 31, 2015, the closing sale price of SL Green's common stock on the New York Stock Exchange, or the NYSE, ranged from \$100.95 to \$134.00 per share. On February 22, 2016, the closing sale price of SL Green's common stock on the NYSE was \$90.10. Our stock price may fluctuate in response to a number of events and factors, such as those described elsewhere in this "Risk Factors" section. Additionally, the amount of our leverage may hinder the demand for our common stock, which could have a material adverse effect on the market price of our common stock.

Market interest rates may have an effect on the value of SL Green's common stock.

If market interest rates go up, prospective purchasers of shares of SL Green's common stock may expect a higher distribution rate on SL Green's common stock. However, higher market interest rates may not result in more funds for us to distribute and could increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of SL Green's common stock to decrease.

Limitations on our ability to sell or reduce the indebtedness on specific mortgaged properties could adversely affect the value of SL Green's common stock.

In connection with past and future acquisitions of interests in properties, we have or may agree to restrictions on our ability to sell or refinance the acquired properties for certain periods. These limitations could result in us holding properties which we would otherwise sell, or prevent us from paying down or refinancing existing indebtedness, any of which may have adverse consequences on our business and result in a material adverse effect on our financial condition and results of operations.

We face potential conflicts of interest.

There are potential conflicts of interest between us and Stephen L. Green.

There is a potential conflict of interest relating to the disposition of certain property contributed to us by Stephen L. Green, and affiliated entities in our initial public offering. Mr. Green serves as the chairman of SL Green's board of directors and is an executive officer. If we sell a property in a transaction in which a taxable gain is recognized, for tax purposes the built-in gain would be allocated solely to him and not to us. As a result, Mr. Green has a conflict of interest if the sale of a property he contributed is in our best interest but not his.

In addition, Mr. Green's tax basis includes his share of debt, including mortgage indebtedness, owed by the Operating Partnership. If the Operating Partnership were to retire such debt, then he would experience a decrease in his share of liabilities, which, for tax purposes, would be treated as a distribution of cash to him. To the extent the deemed distribution of cash exceeded his tax basis, he would recognize gain. As a result, Mr. Green has a conflict of interest if the refinancing of indebtedness is in our best interest but not his.

Members of management may have a conflict of interest over whether to enforce terms of agreements with entities which Mr. Green, directly or indirectly, has an affiliation.

Through Alliance Building Services, or Alliance, First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services, Classic Security LLC provides security services, Bright Star Couriers LLC provides messenger services, and Onyx Restoration Works provides restoration services with respect to certain properties owned by us. Alliance is partially owned by Gary Green, a son of Stephen L. Green, the chairman of SL Green's board of directors. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. Our company and our tenants accounted for 14.4% of Alliance's 2015 estimated total revenue. While we

believe that the contracts pursuant to which these services are provided were the result of arm's length negotiations, there can be no assurance that the terms of such agreements, or dealings between the parties during the performance of such agreements, will be as favorable to us as those which could be obtained from unaffiliated third parties providing comparable services under similar circumstances.

SL Green's failure to qualify as a REIT would be costly and would have a significant effect on the value of our securities.

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We believe we have operated in a manner for SL Green to qualify as a REIT for federal income tax purposes and intend to continue to so operate. Many of the REIT compliance requirements, however, are highly technical and complex. The determination that SL Green is a REIT requires an analysis of factual matters and circumstances. These matters, some of which are not totally within our control, can affect SL Green's qualification as a REIT. For example, to qualify as a REIT, at least 95% of our gross income must come from designated sources that are listed in the REIT tax laws. We are also required to distribute to stockholders at least 90% of our REIT taxable income excluding capital gains. The fact that we hold our assets through the Operating Partnership and its subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize our REIT status. Furthermore, Congress and the Internal Revenue Service, or the IRS, might make changes to the tax laws and regulations, and the courts might issue new rulings that make it more difficult, or impossible, for us to remain qualified as a REIT.

If SL Green fails to qualify as a REIT, this would substantially reduce the funds available for distribution to our stockholders because we would not be allowed a deduction for dividends paid to our stockholders in computing our taxable income and would be subject to federal income tax at regular corporate rates and we could be subject to the federal alternative minimum tax and possibly increased state and local taxes.

Also, unless the IRS grants us relief under specific statutory provisions, SL Green would remain disqualified as a REIT for four years following the year in which SL Green first failed to qualify. If SL Green failed to qualify as a REIT, SL Green would have to pay significant income taxes and would therefore have less money available for investments, to service debt obligations or to pay dividends and distributions to security holders. This would likely have a significant adverse effect on the value of our securities. In addition, the REIT tax laws would no longer obligate us to make any distributions to stockholders. As a result of all these factors, if SL Green fails to qualify as a REIT, this could impair our ability to expand our business and raise capital.

Recent tax legislation impacts certain U.S. federal income tax rules applicable to REITs and could adversely affect our current tax positions.

The recently enacted Protecting Americans from Tax Hikes Act of 2015 (the "Act") contains changes to certain aspects of the U.S. federal income tax rules applicable to us. The Act modifies various rules that apply to our ownership of, and business relationship with, our taxable REIT subsidiaries ("TRSs") and reduces (beginning in 2018) the maximum allowable value of our assets attributable to TRSs from 25% to 20%. The Act makes permanent the reduction of the recognition period (from ten years to five years) during which a REIT is subject to corporate-level tax on the recognition of built-in gains in assets of an acquired corporation. The Act also makes multiple changes related to the Foreign Investment in Real Property Tax Act, expands prohibited transaction safe harbors and qualifying hedges, and repeals the preferential dividend rule for public REITs previously applicable to us. Lastly, the Act expands the types of assets and income treated as qualifying for purposes of the REIT requirements, and makes certain other technical amendments. The provisions enacted by the Act and future legislative changes related to those rules described above could impact our results of operations and financial condition.

We may in the future pay taxable dividends on SL Green's common stock in common stock and cash.

We obtained a favorable ruling from the IRS pursuant to which we may pay taxable dividends partly in cash and partly in shares of our common stock with respect to our 2014, 2015, and 2016 taxable years, so long as we follow the procedures set forth in the ruling. We paid all of our 2015 dividends entirely in the form of cash. However, we may pay a portion of our 2016 dividends on our common stock with a combination of cash and shares of our common stock. If we pay such a dividend, taxable stockholders would be required to include the entire amount of the dividend, including the portion paid with shares of common stock, as ordinary income to the extent of our current and accumulated earnings and profits, and may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividend, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders sell shares of SL Green's common stock in

order to pay taxes owed on dividends, such sales could put downward pressure on the market price of SL Green's common stock. SL Green's board of directors will continue to evaluate our dividend policy on a quarterly basis as it monitors the capital markets and the impact of the economy on our operations. The decision to authorize and pay dividends on SL Green's common stock in the future, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of SL Green's board of directors in light of conditions then existing, including the Company's earnings, financial condition, capital requirements, debt maturities, the availability of capital, applicable REIT and legal restrictions and general overall economic conditions and other factors.

We are dependent on external sources of capital.

We need a substantial amount of capital to operate and grow our business. This need is exacerbated by the distribution requirements imposed on us for SL Green to qualify as a REIT. We therefore rely on third-party sources of capital, which may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings. In addition, we anticipate raising

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money in the public equity and debt markets with some regularity and our ability to do so will depend upon the general conditions prevailing in these markets. At any time conditions may exist which effectively prevent us, or REITs in general, from accessing these markets. Moreover, additional equity offerings may result in substantial dilution of our stockholders' interests, and additional debt financing may substantially increase our leverage.

Loss of our key personnel could harm our operations and our stock price.

We are dependent on the efforts of Marc Holliday, our chief executive officer, and Andrew W. Mathias, our president. These officers have employment agreements which expire in January 2019 and December 2016, respectively. A loss of the services of either of these individuals could adversely affect our operations and could be negatively perceived by the market resulting in a decrease in our stock price.

Our business and operations would suffer in the event of system failures or cyber security attacks.

Despite system redundancy, the implementation of security measures and the existence of a disaster recovery plan for our internal information technology systems, our systems are vulnerable to a number of risks including energy blackouts, natural disasters, terrorism, war, telecommunication failures and cyber attacks and intrusions, such as computer viruses, malware, attachments to e-mails, intrusion and unauthorized access, including from persons inside our organization or from persons outside our organization with access to our systems. The risk of a security breach or disruption, particularly through cyber attacks and intrusions, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Our systems are critical to the operation of our business and any system failure, accident or security breach that causes interruptions in our operations could result in a material disruption to our business. We may also incur additional costs to remedy damages caused by such disruptions.

Although we make efforts to maintain the security and integrity of our systems and have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Any compromise of our security could also result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation, loss or misuse of the information (which may be confidential, proprietary and/or commercially sensitive in nature) and a loss of confidence in our security measures, which could harm our business.

Our property taxes could increase due to reassessment or property tax rate changes.

We are required to pay real property taxes in respect of our properties and such taxes may increase as our properties are reassessed by taxing authorities or as property tax rates change. An increase in the assessed value of our properties or our property tax rates could adversely impact our financial condition, results of operations and our ability to satisfy our debt service obligations and to pay dividends and distributions to our security holders.

Compliance with changing or new regulations applicable to corporate governance and public disclosure may result in additional expenses, affect our operations and affect our reputation.

Changing or new laws, regulations and standards relating to corporate governance and public disclosure, including SEC regulations and NYSE rules, can create uncertainty for public companies. These changed or new laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We are committed to maintaining high standards of corporate governance and public disclosure. If our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, our reputation may be harmed.

Our efforts to comply with evolving laws, regulations and standards have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. In particular, our continued efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002 and the related regulations regarding our required assessment of our internal controls over financial reporting and our external auditors' audit of that assessment have required the commitment of

significant financial and managerial resources. We expect these efforts to require the continued commitment of significant resources. Further, our directors, chief executive officer and chief financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified directors and executive officers, which could harm our business.

Forward-looking statements may prove inaccurate.

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Forward-looking Information," for additional disclosure regarding forward-looking statements.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

As of December 31, 2015, we did not have any unresolved comments with the staff of the SEC.

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ITEM 2. PROPERTIES

Our Portfolio

General

As of December 31, 2015, we owned or held interests in 27 consolidated and five unconsolidated commercial office buildings encompassing approximately 21.0 million rentable square feet and approximately 3.0 million rentable square feet, respectively, for a total of approximately 24.0 million rentable square feet, located primarily in midtown Manhattan. Many of these buildings include some amount of retail space on the lower floors, as well as basement/storage space. As of December 31, 2015, our portfolio also included ownership interests in 26 consolidated and three unconsolidated commercial office buildings encompassing approximately 4.2 million rentable square feet and approximately 0.7 million rentable square feet, respectively, located in Brooklyn, Long Island, Westchester County, Connecticut and New Jersey. We refer to these buildings as our Suburban properties. Some of these buildings also include a small amount of retail space on the lower floors, as well as basement/storage space.

As of December 31, 2015, we also owned investments in 19 prime retail properties encompassing approximately 808,963 square feet, nine buildings in some stage of development or redevelopment encompassing approximately 1,996,417 square feet, four residential buildings encompassing 3,882 units (encompassing approximately 3,022,622 square feet) and two land interests under building improvements that are leased to a third party, encompassing approximately 783,530 square feet. In addition, we manage one office building owned by a third party encompassing approximately 336,000 square feet and held debt and preferred equity investments with a book value of \$1.7 billion. The following tables set forth certain information with respect to each of the Manhattan and Suburban office, prime retail, residential, development and redevelopment properties and land interest in the portfolio as of December 31, 2015:

Manhattan Properties	Year Built/Renovated	SubMarket	Approximate Rentable Square Feet	Percent of Portfolio Rentable Square Feet	Percent Occupied (1)	Annualized Cash Rent (2)	Percent of Portfolio Annualized Cash Rent (3)	Number of Tenants	Annualized Cash Rent per Leased Square Foot (4)
CONSOLIDATED OFFICE PROPERTIES									
"Same Store"									
100 Church Street	1959/2010	Downtown	1,047,500	4%	99.0 %	\$39,537,592	3%	18	\$36.49
110 East 42nd Street	1921	Grand Central	215,400	1	98.5 %	10,559,503	1	22	\$52.51
125 Park Avenue	1923/2006	Grand Central	604,245	2	97.8 %	38,574,880	3	23	\$63.51
220 East 42nd Street	1929	Grand Central	1,135,000	4	90.9 %	48,504,915	4	32	\$46.26
304 Park Avenue South	1930	Midtown South	215,000	1	75.7 %	12,300,464	1	12	\$64.19
420 Lexington Ave (Graybar)	1927/1999	Grand Central North	1,188,000	4	98.4 %	77,188,681	6	212	\$53.37
461 Fifth Avenue ⁽⁵⁾	1988	Midtown	200,000	1	99.9 %	18,067,162	1	12	\$86.86
485 Lexington Avenue	1956/2006	Grand Central North	921,000	3	100.0%	59,233,191	4	24	\$64.10
	1971		941,000	3	99.9 %	39,144,741	3	9	\$38.54

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555 West 57th Street		Midtown West								
609 Fifth Avenue	1925/1990	Rockefeller Center	160,000	1	76.1 %	14,707,066	1	13	\$118.52	
625 Madison Avenue	1956/2002	Plaza District	563,000	2	97.2 %	56,758,599	4	22	\$100.53	
641 Sixth Avenue	1902	Midtown South	163,000	1	100.0%	11,569,787	1	7	\$69.06	
711 Third Avenue—50.00%	1955	Grand Central North	524,000	2	65.8 %	21,547,671	2	16	\$59.03	
750 Third Avenue	1958/2006	Grand Central North	780,000	3	97.5 %	45,030,155	3	32	\$57.50	
810 Seventh Avenue	1970	Times Square	692,000	2	93.0 %	43,982,745	3	46	\$63.56	
919 Third Avenue—51.00%	1970	Grand Central North	1,454,000	5	100.0%	93,614,502	4	11	\$66.50	
1185 Avenue of the Americas	1969	Rockefeller Center	1,062,000	4	99.0 %	89,890,619	7	18	\$83.49	
1350 Avenue of the Americas	1966	Rockefeller Center	562,000	2	99.6 %	42,216,253	3	35	\$72.63	
1515 Broadway	1972	Times Square	1,750,000	6	98.4 %	122,387,130	9	12	\$72.15	
1 Madison Avenue	1960/2002	Park Avenue South	1,176,900	4	100.0%	68,344,120	5	2	\$57.74	
Subtotal / Weighted Average			15,354,045	53%	96.5 %	\$953,159,776	66%	578		

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Manhattan Properties	Year Built/ Renovated	SubMarket	Approximate Rentable Square Feet	Percent of Portfolio Rentable Square Feet	Percent Occupied (1)	Annualized Cash Rent (2)	Percent of Portfolio Annualized Cash Rent (3)	Number of Tenants	Annualized Cash Rent per Leased Square Foot (4)
"Non Same Store"									
11 Madison Avenue	1929	Park Avenue South	2,314,000	8	73.0 %	\$89,327,748	7%	9	\$54.37
30 East 40th Street—60.00%	1927	Grand Central South	69,446	—	100.0%	4,506,348	—	63	\$65.46
110 Greene Street—90.00%	1908/1920	Soho	223,600	1	78.1 %	9,251,909	1	63	\$69.74
388-390 Greenwich Street	1986/1990	Downtown	2,635,000	9	100.0%	112,498,602	8	1	\$42.70
600 Lexington Avenue	1983/2009	East Side	303,515	1	95.5 %	22,456,632	2	35	\$76.67
635 Sixth Avenue	1902	Midtown South	104,000	—	100.0%	8,617,385	1	2	\$91.38
Subtotal / Weighted Average			5,649,561	20%	87.8 %	246,658,624	18%	173	
Total / Weighted Average Manhattan Consolidated Office Properties			21,003,606	73%	94.1 %	\$1,199,818,400	84%	751	
UNCONSOLIDATED OFFICE PROPERTIES									
"Same Store"									
3 Columbus Circle—48.90%	1927/2010	Columbus Circle	530,981	2%	86.8 %	\$37,057,896	1%	33	\$81.70
100 Park Avenue—50.00%	1950/1980	Grand Central South	834,000	3	95.5 %	60,455,660	2	39	\$70.58
521 Fifth Avenue—50.50%	1929/2000	Grand Central	460,000	2	91.9 %	27,257,644	1	41	\$60.80
800 Third Avenue—60.50%	1972/2006	Grand Central North	526,000	2	96.1 %	32,688,084	1	42	\$60.73
1745 Broadway—56.88%	2003	Midtown	674,000	2	100.0%	42,999,876	2	1	\$66.71
Total / Weighted Average Unconsolidated Office Properties			3,024,981	10%	94.5 %	\$200,459,160	7%	156	
Manhattan Office Grand Total / Weighted Average			24,028,587	83%	94.2 %	\$1,400,277,560	92%	907	
Manhattan Office Grand Total—SLG share of Annualized Rent			18,379,026	76%	96.1 %	\$1,257,564,136	92%		

Manhattan Office Same Store Occupancy
%—Combined

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Suburban Properties	Year Built/ Renovated	SubMarket	Approximate Rentable Square Feet	Percent of Portfolio Rentable Square Feet	Percent Occupied (1)	Annualized Cash Rent (2)	Percent of Portfolio Annualized Cash Rent (3)	Number of Tenants	Annualized Cash Rent per Leased Square Foot (4)
CONSOLIDATED OFFICE PROPERTIES									
"Same Store" Westchester, NY									
1100 King Street	1983-1986	Rye Brook, Westchester	540,000	3%	61.7%	\$8,669,686	1%	27	\$26.44
520 White Plains Road	1979	Tarrytown, Westchester	180,000	1	98.3%	4,379,296	0	13	\$26.73
115-117 Stevens Avenue	1984	Valhalla, Westchester	178,000	1	77.2%	2,931,132	0	11	\$22.47
100 Summit Lake Drive	1988	Valhalla, Westchester	250,000	1	47.1%	3,012,094	0	10	\$26.46
200 Summit Lake Drive	1990	Valhalla, Westchester	245,000	1	82.7%	4,963,945	0	8	\$25.37
500 Summit Lake Drive	1986	Valhalla, Westchester	228,000	1	97.8%	5,141,442	0	7	\$26.05
360 Hamilton Avenue	2000	White Plains, Westchester	384,000	1	94.7%	13,570,212	1	21	\$37.01
Westchester, NY Subtotal/Weighted Average			2,005,000	8%	77.5%	\$42,667,807	3%	97	
"Same Store" Connecticut									
Landmark Square	1973-1984	Stamford, Connecticut	862,800	2%	87.4%	\$20,796,105	2%	119	\$34.23
680 Washington Boulevard—51.00%	1989	Stamford, Connecticut	133,000	—	88.9%	5,242,567	0	10	\$44.83
750 Washington Boulevard—51.00%	1989	Stamford, Connecticut	192,000	1	99.1%	8,067,197	0	11	\$42.38
1055 Washington Boulevard	1987	Stamford, Connecticut	182,000	1	74.7%	4,953,522	0	22	\$35.40
1010 Washington Boulevard	1988	Stamford, Connecticut	143,400	1	75.3%	3,505,394	0	22	\$31.35
500 West Putnam Avenue	1973	Greenwich, Connecticut	121,500	—	53.8%	3,058,628	0	10	\$46.36
Connecticut Subtotal/Weighted Average			1,634,700	5%	84.1%	\$45,623,413	3%	194	
"Same Store" New Jersey									
125 Chubb Way	2008	Lyndhurst, New Jersey	278,000	1%	66.2%	\$4,289,420	0%	6	\$24.44
New Jersey Subtotal/Weighted Average			278,000	1%	66.2%	\$4,289,420	0%	6	
"Non Same Store" Brooklyn, NY									
16 Court Street	1927-1928	Brooklyn, New York	317,600	1%	95.5%	\$12,136,463	1%	69	\$41.04

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Brooklyn, NY Subtotal/Weighted Average	317,600	1%	95.5%	\$12,136,463	1%	69	
Total / Weighted Average Consolidated	4,235,300	15%	80.6%	\$104,717,103	7%	366	
Office Properties							
UNCONSOLIDATED OFFICE							
PROPERTIES							
"Non Same Store"							
7 Renaissance Square—50.00%	2008	White Plains, New York	65,641	0%	89.1%	\$1,942,273	0% 10 \$33.07
Jericho Plaza—77.78%	1980	Jericho, New York	640,000	2	66.9%	15,006,036	1 34 \$35.74
Total / Weighted Average Unconsolidated Office Properties	705,641	2%	68.9%	\$16,948,309	1%	44	
Suburban Grand Total / Weighted Average	4,940,941	17%	79.0%	\$121,665,412		410	
Suburban Office Grand Total—SLG share of Annualized Rent				\$110,838,152	8%		
Suburban Office Same Store Occupancy %—Combined	4,235,300	86%	80.6%				
Portfolio Office Grand Total	28,969,528	100%		\$1,521,942,972		1,317	
Portfolio Office Grand Total—SLG Share of Annualized Rent				\$1,368,402,288	100%		

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	Year Built/ Renovated	SubMarket	Approximate Rentable Square Feet	Percent of Portfolio Rentable Square Feet	Percent Occupied (1)	Annualized Cash Rent (2)	Percent of Portfolio Annualized Cash Rent (3)	Number of Tenants	Annualized Cash Rent per Leased Square Foot (4)
PRIME RETAIL									
"Same Store" Prime Retail									
11 West 34th Street—30.00%	1920/2010	Herald Square/Penn Station	17,150	2%	100.0%	\$2,589,580	1%	1	\$232.25
19-21 East 65th Street—90.00%	1928-1940	Plaza District	23,610	3	60.5 %	1,166,292	2	16	\$73.65
21 East 66th Street—32.28%	1921	Plaza District	13,069	2	100.0%	3,628,240	2	1	\$277.62
315 West 33rd Street—The Olivia	2000	Penn Station	270,132	33	100.0%	14,878,400	25	10	\$54.47
717 Fifth Avenue—10.92%	1958/2000	Midtown/Plaza District	119,550	15	85.0 %	39,760,143	7	6	\$369.94
724 Fifth Avenue—50.00%	1921	Plaza District	65,010	8	83.1 %	22,305,289	19	8	\$406.64
752 Madison Avenue	1996/2012	Plaza District	21,124	3	100.0%	4,412,024	7	1	\$208.86
762 Madison Avenue—90.00%	1910	Plaza District	6,109	1	100.0%	1,776,570	3	5	\$270.04
Williamsburg Terrace	2010	Brooklyn, New York	52,000	6	100.0%	1,761,576	3	3	\$33.86
Subtotal/Weighted Average			587,754	73%	93.5 %	\$92,278,114	68%	51	
"Non Same Store" Prime Retail									
5-7 Dey Street	1921	Cast Iron / SoHo	70,000	9%	75.4 %	\$2,206,191	4%	40	\$49.63
187 Broadway	1980	Cast Iron / SoHo	3,600	—	100.0%	625,900	1	1	\$173.86
102 Greene Street	1910	SoHo	9,200	1	54.3 %	457,411	1	1	\$121.14
115 Spring Street	1900	SoHo	5,218	1	100.0%	2,800,000	5	1	\$536.60
121 Greene Street—50.00%	1887	SoHo	7,131	1	100.0%	1,402,759	1	2	\$196.71
131-137 Spring Street—20.00%	1915	SoHo	68,342	8	100.0%	11,520,129	4	9	\$179.72
1552-1560 Broadway—50.00%	1926/2014	Time Square	57,718	7	67.5 %	20,359,976	17	2	\$522.49
Subtotal/Weighted Average			221,209	27%	80.0 %	\$39,372,366	32%	56	
Total / Weighted Average Prime Retail Properties			808,963	100%	89.8 %	\$131,650,480	100%	107	
DEVELOPMENT/REDEVELOPMENT									
One Vanderbilt	N/A	Grand Central	—	—	—	\$—	—	—	
	1961	Park Avenue	1,219,158	61	80.7 %	99,990,312	84	30	\$101.03

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280 Park Avenue—50.00%										
10 East 53rd Street—55.00%	1972/2014	Plaza District	354,300	18	41.6 %	11,749,433	11	16	\$83.88	
562 Fifth Avenue	1920	Plaza District	42,635	2	100.0 %	2,100,000	4	1	\$49.26	
650 Fifth Avenue—50.00%	1977-1978	Plaza District	32,324	2	10.5 %	1,338,702	1	3	\$394.66	
719 Seventh Avenue—75.00%	1927	Time Square	—	—	— %	—	—	—	\$—	
175-225 Third Avenue—95.00%	1972/1998	Brooklyn, New York	—	—	— %	—	—	—	\$—	
55 West 46th Street—25.00%	2009	Midtown	347,000	17	— %	—	—	—	\$—	
1640 Flatbush Avenue	1966	Brooklyn, New York	1,000	—	100.0 %	85,152	—	1	\$85.15	
Total / Weighted Average Development/Redevelopment Properties			1,996,417	100%	59.0 %	\$115,263,599	100%	51		

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Year Built/ Renovated	SubMarket	Approximate Rentable Square Feet	Percent of Portfolio Rentable Square Feet	Percent Occupied (1)	Annualized Cash Rent (2)	Percent of Portfolio Annualized Cash Rent (3)	Number of Tenants	Annualized Cash Rent per Leased Square Foot (4)
LAND								
635 Madison Avenue	Plaza District	176,530	23%	100.0 %	\$3,677,574	18%		
885 Third Avenue	Midtown/Plaza District	607,000	77	100.0 %	17,068,716	82%		
Total / Weighted Average Land		783,530	100%	100.0 %	\$20,746,290	100%		
		Useable Sq. Feet		Total Units	Percent Occupied (1)	Annualized Cash Rent (2)	Average Monthly Rent Per Unit	
RESIDENTIAL								
"Same Store"								
Residential								
248-252 Bedford Avenue—90.00%	Brooklyn, New York	66,611	72	94.4	% \$2,873,940		\$3,522	
315 West 33rd Street 400 East	Penn Station	222,855	333	89.5	% 14,040,156		\$3,939	
57th Street—90.00%	Upper East Side	290,482	261	92.3	% 10,940,738		\$3,286	
400 East 58th Street—90.00%	Upper East Side	140,000	125	95.2	% 5,018,562		\$3,186	
Subtotal/Weighted Average		719,948	791	91.8	% \$32,873,396		\$3,886	
"Non Same Store"								
Residential								
Upper East Side Residential - 90.0%	Upper East Side	27,000	28	85.7	% \$1,009,279		\$1,979	
33 Beekman Street - 45.9%	Downtown	163,500	772	100.0	% 7,853,056		N/A	
1080 Amsterdam - 92.5%	Upper West Side	82,250	96	96.9	% 4,564,680		\$3,864	
Stonehenge Portfolio	Various	2,029,924	2,195	94.3	% 100,961,733		\$3,661	
Subtotal/Weighted Average		2,302,674	3,091	95.7	% \$114,388,748		\$3,870	
Total / Weighted Average Residential Properties		3,022,622	3,882	94.9	% \$147,262,144		\$3,874	

(1) Excludes leases signed but not yet commenced as of December 31, 2015.

(2) Annualized Cash Rent represents the monthly contractual rent under existing leases as of December 31, 2015 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2015 for the 12 months ending December 31, 2016 will reduce cash rent by \$73.8 million for our consolidated properties and

\$23.6 million for our unconsolidated properties.

- (3) Includes our share of unconsolidated joint venture annualized cash rent.
 (4) Annualized Cash Rent Per Leased Square Foot represents Annualized Cash Rent, as described in footnote (1) above, presented on a per leased square foot basis.
 (5) The Company has an option to acquire the fee interest for a fixed price on a specific date.
 (6) The Company owns 50% of the fee interest.
 (7) As of December 31, 2015, the Company was in the process of restructuring the joint venture, which will reduce the Company's ownership interest. This restructuring was completed in February 2016.
 (8) This consolidated property was held for sale as of December 31, 2015. In February 2016, the property was sold.

Historical Occupancy

Historically we have achieved consistently higher occupancy rates in our Manhattan portfolio as compared to the overall midtown markets, as shown over the last five years in the following table:

	Leased Occupancy Rate of Manhattan Operating Portfolio(1)	Occupancy Rate of Class A Office Properties in the midtown Markets(2)(3)	Occupancy Rate of Class B Office Properties in the midtown Markets(2)(3)		
December 31, 2015	94.2	% 90.9	% 91.3	%	%
December 31, 2014	95.3	% 89.4	% 91.6	%	%
December 31, 2013	94.3	% 88.3	% 89.1	%	%
December 31, 2012	94.3	% 89.1	% 90.0	%	%
December 31, 2011	92.5	% 89.7	% 91.3	%	%

(1) Includes leases signed but not yet commenced as of the relevant date in our wholly-owned and joint venture properties.

(2) Includes vacant space available for direct lease and sublease. Source: Cushman & Wakefield.

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The term "Class B" is generally used in the Manhattan office market to describe office properties that are more than 25 years old but that are in good physical condition, enjoy widespread acceptance by high-quality tenants and (3) are situated in desirable locations in Manhattan. Class B office properties can be distinguished from Class A properties in that Class A properties are generally newer properties with higher finishes and frequently obtain the highest rental rates within their markets.

Historically we have achieved consistently higher occupancy rates in our Westchester County and Connecticut portfolios in comparison to the overall Westchester County and Stamford, Connecticut, CBD markets, as shown over the last five years in the following table:

	Leased Occupancy Rate of Westchester Operating Portfolio(1)	Occupancy Rate of Class A Office Properties in the Westchester Market(2)	Percent of Connecticut Portfolio Leased(1)	Occupancy Rate of Class A Office Properties in the Stamford CBD Market(2)	
December 31, 2015	77.5	% 76.0	% 84.1	% 79.9	%
December 31, 2014	78.8	% 76.6	% 83.6	% 75.7	%
December 31, 2013	78.1	% 79.4	% 80.5	% 74.7	%
December 31, 2012	79.2	% 78.5	% 80.7	% 73.7	%
December 31, 2011	80.6	% 80.1	% 80.3	% 73.8	%

(1) Includes leases signed but not yet commenced as of the relevant date in our wholly-owned and joint venture properties.

(2) Includes vacant space available for direct lease and sublease. Source: Cushman & Wakefield.

Lease Expirations

Leases in our Manhattan portfolio, as at many other Manhattan office properties, typically have an initial term of seven to fifteen years, compared to typical lease terms of five to ten years in other large U.S. office markets. For the five years ending December 31, 2020, the average annual rollover at our Manhattan consolidated and unconsolidated operating properties is expected to be approximately 1.3 million square feet and approximately 0.2 million square feet, respectively, representing an average annual expiration rate of approximately 6.6% and approximately 7.7%, respectively, per year (assuming no tenants exercise renewal or cancellation options and there are no tenant bankruptcies or other tenant defaults).

The following tables set forth a schedule of the annual lease expirations at our Manhattan consolidated and unconsolidated operating properties, respectively, with respect to leases in place as of December 31, 2015 for each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

Manhattan Consolidated Operating Properties Year of Lease Expiration	Number of Expiring Leases(1)	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet	Annualized Cash Rent of Expiring Leases(2)	Annualized Cash Rent Per Leased Square Foot of Expiring Leases(3)
2016 ⁽⁴⁾	111	835,199	4.1	% \$53,953,875	\$64.60
2017	111	1,755,113	8.7	98,028,768	\$55.85
2018	79	620,340	3.1	49,412,317	\$79.65
2019	77	1,132,317	5.6	76,237,448	\$67.33
2020	95	2,414,560	12.0	148,292,376	\$61.42
2021	60	1,659,424	8.2	98,554,993	\$59.39

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2022	49	933,840	4.6	60,335,314	\$64.61
2023	39	743,079	3.7	42,920,086	\$57.76
2024	27	438,655	2.2	28,446,134	\$64.85
2025 & thereafter	110	6,980,499	34.7	426,496,061	\$61.10
Sub-Total/weighted average	758	17,513,026	86.9	% \$1,082,677,372	\$61.82
	1 ⁽⁵⁾	2,634,670	13.1	112,498,602	\$42.70
Total/weighted average	759	20,147,696	100.0	% \$1,195,175,974	\$59.32

(1) Tenants may have multiple leases.

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Annualized Cash Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2015 multiplied by 12. This amount reflects total rent before any rent abatements and includes (2) expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2015 for the 12 months ending December 31, 2016 will reduce cash rent by \$70.7 million for the properties.

(3) Annualized Cash Rent Per Leased Square Foot of Expiring Leases represents Annualized Cash Rent of Expiring Leases, as described in footnote (2) above, presented on a per leased square foot basis.

(4) Includes approximately 112,982 square feet and annualized cash rent of \$5.9 million occupied by month-to-month holdover tenants whose leases expired prior to December 31, 2015.

(5) Represents Citigroup's net lease at 388-390 Greenwich Street.

Manhattan Unconsolidated Operating Properties Year of Lease Expiration	Number of Expiring Leases(1)	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet	Annualized Cash Rent of Expiring Leases(2)	Annualized Cash Rent Per Leased Square Foot of Expiring Leases(3)
2016	15	145,253	4.9	% \$8,724,876	\$60.07
2017	13	128,150	4.3	11,666,697	\$91.04
2018	24	399,875	13.6	29,611,572	\$74.05
2019	20	196,705	6.7	15,052,784	\$76.52
2020	18	304,807	10.4	17,199,709	\$56.43
2021	8	151,791	5.1	10,854,977	\$71.51
2022	11	134,569	4.6	8,058,813	\$59.89
2023	12	793,949	27.0	51,685,840	\$65.10
2024	12	139,927	4.8	9,027,433	\$64.52
2025 & thereafter	21	546,314	18.6	38,576,459	\$70.61
Total/weighted average	154	2,941,340	100.0	% \$200,459,160	\$68.15

(1) Tenants may have multiple leases.

Annualized Cash Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2015 multiplied by 12. This amount reflects total rent before any rent abatements and includes (2) expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2015 for the 12 months ending December 31, 2016 will reduced cash rent by \$23.1 million for the joint venture properties.

(3) Annualized Cash Rent Per Leased Square Foot of Expiring Leases represents Annualized Cash Rent of Expiring Leases, as described in footnote (2) above, presented on a per leased square foot basis.

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Leases in our Suburban portfolio, as at many other suburban office properties, typically have an initial term of five to ten years. For the five years ending December 31, 2020, the average annual rollover at our Suburban consolidated and unconsolidated operating properties is expected to be approximately 0.3 million square feet and approximately 0.03 million square feet, respectively, representing an average annual expiration rate of approximately 10.5% and approximately 8.0% respectively, per year (assuming no tenants exercise renewal or cancellation options and there are no tenant bankruptcies or other tenant defaults).

The following tables set forth a schedule of the annual lease expirations at our Suburban consolidated and unconsolidated operating properties, respectively, with respect to leases in place as of December 31, 2015 for each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

Suburban Consolidated Operating Properties Year of Lease Expiration	Number of Expiring Leases(1)	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet	Annualized Cash Rent of Expiring Leases(2)	Annualized Cash Rent Per Leased Square Foot of Expiring Leases(3)
2016 ⁽⁴⁾	70	400,708	12.5	% \$14,253,688	\$35.57
2017	46	248,772	7.7	9,560,930	\$38.43
2018	55	300,616	9.3	10,641,968	\$35.40
2019	44	507,827	15.8	14,931,584	\$29.40
2020	32	291,693	9.1	10,044,667	\$34.44
2021	31	377,645	11.7	10,246,137	\$27.13
2022	19	102,230	3.2	3,898,366	\$38.13
2023	19	206,698	6.4	6,961,080	\$33.68
2024	13	203,087	6.3	6,526,647	\$32.14
2025 & thereafter	33	578,267	18.0	17,652,038	\$30.53
Total/weighted average	362	3,217,543	100.0	% \$104,717,105	\$32.55

(1) Tenants may have multiple leases.

Annualized Cash Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2015 multiplied by 12. This amount reflects total rent before any rent abatements and includes

(2) expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2015 for the 12 months ending December 31, 2016 will reduce cash rent by \$3.1 million for the properties.

(3) Annualized Cash Rent Per Leased Square Foot of Expiring Leases represents Annualized Cash Rent of Expiring Leases, as described in footnote (2) above, presented on a per leased square foot basis.

(4) Includes approximately 52,467 square feet and annualized cash rent of \$1.8 million occupied by month-to-month holdover tenants whose leases expired prior to December 31, 2015.

Suburban Unconsolidated Operating Properties Year of Lease Expiration	Number of Expiring Leases(1)	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet	Annualized Cash Rent of Expiring Leases(2)	Annualized Cash Rent Per Leased Square Foot of Expiring Leases(3)
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2016 ⁽⁴⁾	5	33,728	7.0	%	\$1,294,413	\$38.38
2017	8	48,463	10.1		1,582,189	\$32.65
2018	3	54,052	11.3		2,262,295	\$41.85
2019	7	36,084	7.5		1,197,074	\$33.17
2020	3	38,562	8.1		1,452,651	\$37.67
2021	4	89,292	18.7		3,195,485	\$35.79
2022	2	19,883	4.2		683,223	\$34.36
2023	3	40,834	8.5		1,406,255	\$34.44
2024	3	60,136	12.6		2,004,875	\$33.34
2025 & thereafter	6	57,607	12.0		1,869,848	\$32.46
Total/weighted average	44	478,641	100.0	%	\$16,948,308	\$35.41

(1) Tenants may have multiple leases.

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Annualized Cash Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2015 multiplied by 12. This amount reflects total rent before any rent abatements and includes (2) expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2015 for the 12 months ending December 31, 2016 will reduce cash rent by \$0.5 million for the joint venture properties.

(3) Annualized Cash Rent Per Leased Square Foot of Expiring Leases represents Annualized Cash Rent of Expiring Leases, as described in footnote (2) above, presented on a per leased square foot basis.

(4) Includes approximately 18,724 square feet and annualized cash rent of \$0.7 million occupied by month-to-month holdover tenants whose leases expired prior to December 31, 2015.

Tenant Diversification

At December 31, 2015, our Manhattan and Suburban office properties were leased to 1,319 tenants, which are engaged in a variety of businesses, including professional services, financial services, media, apparel, business services and government/non-profit. The following table sets forth information regarding the leases with respect to the 30 largest tenants in our Manhattan and Suburban office properties, which are not intended to be representative of our tenants as a whole, based on the amount of square footage leased by our tenants as of December 31, 2015:

Tenant	Properties	Lease Expiration	Total Leased Square Feet	Percentage of Aggregate Portfolio Leased Square Feet	Percentage of SL Green's Share of Aggregate Portfolio Annualized Cash Rent
Citigroup, N.A. ⁽¹⁾	388-390 Greenwich Street, 485 Lexington Avenue, 750 Third Avenue, 800 Third Avenue, 750 Washington Blvd	Various	3,023,423	10.4 %	9.7 %
Credit Suisse Securities (USA), Inc.	1 Madison Avenue, 11 Madison Avenue & 1055 Washington Blvd	2017, 2019, 2020 & 2037	2,403,080	8.3	9.1
Viacom International, Inc.	1515 Broadway	2031	1,330,735	4.6	6.2
Random House, Inc.	1745 Broadway	2018 & 2023	644,598	2.2	1.8
Debevoise & Plimpton, LLP	919 Third Avenue	2021	575,324	2.0	1.6
The City of New York	16 Court Street & 100 Church Street	2017, 2030 & 2034	550,152	1.9	1.4
Omnicom Group, Inc.	220 East 42nd Street	2017	493,560	1.7	1.6
Ralph Lauren Corporation	625 Madison Avenue	2019	362,065	1.2	1.9
Advance Magazine Group, Fairchild Publications	750 Third Avenue & 485 Lexington Avenue	2021	339,195	1.2	1.2
Metro-North Commuter Railroad Company	110 East 42nd Street & 420 Lexington Avenue	2021 & 2034	328,908	1.1	1.1
C.B.S. Broadcasting, Inc.	555 West 57th Street	2023	303,415	1.0	0.9
Schulte, Roth & Zabel LLP	919 Third Avenue	2036	263,186	0.9	0.7
HF Management Services LLC	100 Church Street	2032	230,394	0.8	0.6
BMW of Manhattan	555 West 57th Street	2022	227,782	0.8	0.5
The City University of New York - CUNY	555 West 57th Street & 16 Court Street	2020, 2024 & 2030	227,622	0.8	0.7

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Bloomberg LP	919 Third Avenue	2029	225,545	0.8	0.4
Amerada Hess Corp.	1185 Avenue of the Americas	2027	181,569	0.6	1.0
Newmark & Company Real Estate Inc.	125 Park Avenue, 110 East 42nd Street & 680 Washington Blvd	2016, 2026 & 2031	178,955	0.6	0.7
WME IMG, LLC	11 Madison Avenue & 304 Park Avenue	2028 & 2030	178,617	0.6	1.0
The Travelers Indemnity Company	485 Lexington Avenue	2021	173,278	0.6	0.8
United Nations	220 East 42nd Street	2017, 2021 & 2022	171,091	0.6	0.6
Verizon	1100 King Street Bldg 1, 1 Landmark Square, 2 Landmark Square & 500 Summit Lake Drive	2018, 2019 & 2026	162,009	0.6	0.3

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News America Incorporated	1185 Avenue of the Americas	2020	161,722	0.6	1.1
King & Spalding	1185 Avenue of the Americas	2025	159,943	0.6	1.1
Young & Rubicam, Inc.	3 Columbus Circle	2033	159,326	0.5	0.4
Amazon Corporate LLC	1185 Avenue of the Americas & 1350 Avenue of the Americas	2016 & 2023	158,688	0.5	0.8
Bloomington, Inc.	919 Third Avenue	2024	157,961	0.5	0.3
National Hockey League	1185 Avenue of the Americas	2022	148,217	0.5	1.0
Beth Israel Medical Center & The Mount Sinai Hospital	555 West 57th Street & 625 Madison Avenue	2030 & 2031	147,613	0.5	0.5
BNP Paribas	919 Third Avenue	2016	145,834	0.5	0.4
Total			13,813,807	47.5	% 49.4 %

(1) Citigroup, Inc. has exercised its option to purchase 388-390 Greenwich Street for \$2.0 billion, net of any unfunded tenant concessions. The closing is scheduled for December 2017 and is subject to customary closing conditions.

Environmental Matters

We engaged independent environmental consulting firms to perform Phase I environmental site assessments on our portfolio, in order to assess existing environmental conditions. All of the Phase I assessments met the American Society for Testing and Materials (ASTM) Standard. Under the ASTM Standard, a Phase I environmental site assessment consists of a site visit, an historical record review, a review of regulatory agency data bases and records, and interviews with on-site personnel, with the purpose of identifying potential environmental concerns associated with real estate. These environmental site assessments did not reveal any known environmental liability that we believe will have a material adverse effect on our results of operations or financial condition.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2015, the Company and the Operating Partnership were not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against us or our portfolio other than routine litigation arising in the ordinary course of business or litigation that is adequately covered by insurance.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES
SL GREEN REALTY CORP.

SL Green's common stock trades on the New York Stock Exchange, or the NYSE, under the symbol "SLG." On February 22, 2016, the reported closing sale price per share of common stock on the NYSE was \$90.10 and there were 332 holders of record of SL Green's common stock. The table below sets forth the quarterly high and low closing sales prices of the common stock on the NYSE and the dividends declared by us with respect to the periods indicated.

Quarter Ended	2015			2014		
	High	Low	Dividends	High	Low	Dividends
March 31	\$134.00	\$121.32	\$0.60	\$100.62	\$90.96	\$0.50
June 30	\$131.64	\$109.89	\$0.60	\$112.79	\$99.31	\$0.50
September 30	\$116.97	\$100.95	\$0.60	\$111.86	\$101.32	\$0.50
December 31	\$121.80	\$108.56	\$0.72	\$123.10	\$101.23	\$0.60

If dividends are declared in a quarter, those dividends are generally paid during the subsequent quarter. We expect to continue our policy of distributing our taxable income through regular cash dividends on a quarterly basis, although there is no assurance as to future dividends because they depend on future earnings, capital requirements and financial condition. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Dividends," for additional information regarding our dividends.

UNITS

At December 31, 2015, there were 3,745,766 units of limited partnership interest of the Operating Partnership outstanding and held by persons other than the Company, which received distributions per unit in the same manner as dividends per share were distributed to common stockholders.

SL GREEN OPERATING PARTNERSHIP, L.P.

There is no established public trading market for the common units of the Operating Partnership. On February 22, 2016, there were 54 holders of record and 104,038,649 common units outstanding, 100,055,035 of which were held by SL Green. The table below sets forth the quarterly distributions paid by the Operating Partnership to holders of its common units with respect to the periods indicated.

Quarter Ended	Distributions	
	2015	2014
March 31	\$0.60	\$0.50
June 30	\$0.60	\$0.50
September 30	\$0.60	\$0.50
December 31	\$0.72	\$0.60

SL Green expects to pay dividends to its stockholders on a quarterly basis based on the distributions from the Operating Partnership to it primarily from property revenues net of operating expenses or, if necessary, from working capital or borrowings. If SL Green declares a dividend, such dividend is generally paid in the subsequent quarter.

In order for SL Green to maintain its qualification as a REIT, it must make annual distributions to its stockholders of at least 90% of its taxable income (not including net capital gains). SL Green has adopted a policy of paying regular quarterly dividends on its common stock, and the Operating Partnership has adopted a policy of paying regular quarterly distributions to its common units corresponding to dividends paid by SL Green. Cash distributions have been paid on the common stock of SL Green and the common units of the Operating Partnership since the initial public offering of SL Green. Distributions are declared at the discretion of the board of directors of SL Green and depend on actual and anticipated cash from operations, financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code and other factors SL Green's board of directors may consider relevant.

Each time SL Green issues shares of stock (other than in exchange for common units of limited partnership interest of the Operating Partnership, or OP Units, when such OP Units are presented for redemption), it contributes the proceeds

of such issuance

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to the Operating Partnership in return for an equivalent number of units of limited partnership interest with rights and preferences analogous to the shares issued.

ISSUER PURCHASES OF EQUITY SECURITIES

None.

SALE OF UNREGISTERED AND REGISTERED SECURITIES; USE OF PROCEEDS FROM REGISTERED SECURITIES

During the years ended December 31, 2015, 2014, and 2013, we issued 315,054, 315,054 and 238,867 shares of SL Green's common stock, respectively, to holders of units of limited partnership interest in the Operating Partnership upon the redemption of such units pursuant to the partnership agreement of the Operating Partnership. The issuance of such shares was exempt from registration under the Securities Act, pursuant to the exemption contemplated by Section 4(a)(2) thereof for transactions not involving a public offering. The units were converted into an equal number of shares of SL Green's common stock.

The following table summarizes information, as of December 31, 2015, relating to our equity compensation plans pursuant to which shares of SL Green's common stock or other equity securities may be granted from time to time.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	
	(a)	(b)	(c)	(4)
Equity compensation plans approved by security holders ⁽¹⁾	3,972,300	(2) \$89.85	(3) 1,479,477	(4)
Equity compensation plans not approved by security holders	—	—	—	
Total	3,972,300	\$89.85	1,479,477	

(1) Includes our 2014 Outperformance Plan, Third Amended and Restated 2005 Stock Option and Incentive Plan, Amended 1997 Stock Option and Incentive Plan, as amended and 2008 Employee Stock Purchase Plan.

(2) Includes (i) 1,595,000 shares of common stock issuable upon the exercise of outstanding options (589,100 of which are vested and exercisable), (ii) 78,300 restricted stock units and 80,800 phantom stock units that may be settled in shares of common stock (80,800 of which are vested), (iii) 1,939,700 LTIP units that, upon the satisfaction of certain conditions, are convertible into common units, which may be presented to us for redemption and acquired by us for shares of SL Green's common stock (1,340,200 of which are vested) and (iv) shares of common stock reserved in connection with LTIP units issued pursuant to the 2014 Outperformance Plan, all of which remain subject to performance-based vesting and a dollar value limitation on the number of LTIP units that may be earned based on SL Green's common stock price when the LTIP units are earned.

(3) Because there is no exercise price associated with restricted stock units, phantom stock units or LTIP units, these awards are not included in the weighted-average exercise price calculation.

(4) Balance is after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units, including, among others, outstanding LTIP Units issued under our 2011 Long-Term Outperformance Plan, which remain subject to performance-based vesting. The number of securities remaining available consists of shares remaining available for issuance under our

2008 Employee Stock Purchase Plan and Third Amended and Restated 2005 Stock Option and Incentive Plan and 2014 Outperformance Plan.

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected financial data and should be read in conjunction with our Financial Statements and notes thereto included in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

In connection with this Annual Report on Form 10-K, we are restating our historical audited consolidated financial statements as a result of the sale of certain properties. As a result, we have reported revenue and expenses from these properties as discontinued operations for each period presented in our Annual Report on Form 10-K. These reclassifications had no effect on our reported net income or funds from operations.

We are also providing updated summary selected financial information, which is included below, reflecting the prior period reclassification as discontinued operations of the properties sold during 2015 and as of December 31, 2015.

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SL GREEN REALTY CORP.

Operating Data (in thousands, except per share data)	Year Ended December 31,				
	2015	2014	2013	2012	2011
Total revenue	\$1,662,829	\$1,519,978	\$1,371,065	\$1,290,052	\$1,196,737
Operating expenses	301,624	282,283	276,589	275,872	251,693
Real estate taxes	232,702	217,843	203,076	194,371	168,322
Ground rent	32,834	32,307	31,951	31,504	29,074
Interest expense, net of interest income	323,870	317,400	310,894	309,681	270,728
Amortization of deferred finance costs	27,348	22,377	15,855	18,558	13,915
Depreciation and amortization	560,887	371,610	324,461	311,860	268,505
Loan loss and other investment reserves, net of recoveries	—	—	—	564	6,722
Transaction related costs	11,430	8,707	3,985	5,402	5,500
Marketing, general and administrative	94,873	92,488	86,192	82,840	80,103
Total expenses	1,585,568	1,345,015	1,253,003	1,230,652	1,094,562
Equity in net income from unconsolidated joint ventures	13,028	26,537	9,921	76,418	1,583
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	15,844	123,253	3,601	37,053	2,918
Purchase price fair value adjustment	40,078	67,446	(2,305)	—	498,195
Gain on sale of real estate, net	175,974	—	—	—	—
Gain (loss) on sale of investment in marketable securities	—	3,895	(65)	4,940	4,866
Depreciable real estate reserves	(19,226)	) —	—	—	(5,789)
(Loss) gain on early extinguishment of debt	(49)	) (32,365)	(18,518)	(6,978)	) 904
Income from continuing operations	302,910	363,729	110,696	170,833	604,852
Discontinued operations	14,549	182,134	40,587	38,867	72,270
Net income	317,459	545,863	151,283	209,700	677,122
Net income attributable to noncontrolling interest in the Operating Partnership	(10,565)	) (18,467)	(3,023)	(5,597)	) (14,629)
Net income attributable to noncontrolling interests in other partnerships	(15,843)	) (6,590)	(10,629)	(5,591)	) (15,083)
Preferred unit distributions	(6,967)	) (2,750)	(2,260)	(2,107)) —
Net income attributable to SL Green	284,084	518,056	135,371	196,405	647,410
Preferred stock redemption costs	—	—	(12,160)	(10,010)) —
Perpetual preferred stock dividends	(14,952)	) (14,952)	(21,881)	(30,411)	) (30,178)
Net income attributable to SL Green common stockholders	\$269,132	\$503,104	\$101,330	\$155,984	\$617,232
Net income per common share—Basic	\$2.71	\$5.25	\$1.10	\$1.75	\$7.37
Net income per common share—Diluted	\$2.70	\$5.23	\$1.10	\$1.74	\$7.33
Cash dividends declared per common share	\$2.52	\$2.10	\$1.49	\$1.08	\$0.55
Basic weighted average common shares outstanding	99,345	95,774	92,269	89,319	83,762
Diluted weighted average common shares and common share equivalents outstanding	103,734	99,696	95,266	92,873	86,244

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Balance Sheet Data (in thousands)	As of December 31,				
	2015	2014	2013	2012	2011
Commercial real estate, before accumulated depreciation	\$16,681,602	\$14,069,141	\$12,333,780	\$11,662,953	\$11,147,151
Total assets	19,857,941	17,096,587	14,959,001	14,386,296	13,483,881
Mortgages and other loans payable, revolving credit facility, term loan and senior unsecured notes and trust preferred securities	10,405,748	8,178,787	6,919,908	6,520,420	6,035,397
Noncontrolling interests in the Operating Partnership	424,206	469,524	265,476	212,907	195,030
Total equity	7,719,317	7,459,216	7,016,876	6,907,103	6,453,309
Other Data (in thousands)	Year Ended December 31,				
	2015	2014	2013	2012	2011
Funds from operations available to all stockholders(1)	\$661,825	\$583,034	\$491,597	\$490,255	\$413,813
Net cash provided by operating activities	526,484	490,381	386,203	346,753	307,118
Net cash used in investing activities	(2,265,911)	(796,835)	(628,435)	(1,163,403)	(733,855)
Net cash provided by financing activities	1,713,417	381,171	258,940	868,442	232,099

Funds From Operations, or FFO, is a widely recognized measure of REIT performance. We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with the NAREIT definition, or that interpret the NAREIT definition differently than we do. The revised White Paper on FFO approved by the Board of Governors of NAREIT in April 2002, and as subsequently amended, defines FFO as net income (loss) (computed in accordance with generally accepted accounting principles, or GAAP), excluding gains (or losses) from debt restructurings, sales of properties and real estate related impairment charges, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. We present FFO because we consider it an important supplemental measure of our operating performance and believe that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, particularly those that own and operate commercial office properties. We also use FFO as one of several criteria to determine performance-based bonuses for members of our senior management. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, interest costs, providing perspective not immediately apparent from net income. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP), as an indication of our financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

A reconciliation of FFO to net income computed in accordance with GAAP is included in Item 7, of "Management's Discussion and Analysis of Financial Condition and Results of Operations—Funds From Operations."

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SL GREEN OPERATING PARTNERSHIP, L.P.

Operating Data (in thousands, except per unit data)	Year Ended December 31,				
	2015	2014	2013	2012	2011
Total revenue	\$1,662,829	\$1,519,978	\$1,371,065	\$1,290,052	\$1,196,737
Operating expenses	301,624	282,283	276,589	275,872	251,693
Real estate taxes	232,702	217,843	203,076	194,371	168,322
Ground rent	32,834	32,307	31,951	31,504	29,074
Interest expense, net of interest income	323,870	317,400	310,894	309,681	270,728
Amortization of deferred finance costs	27,348	22,377	15,855	18,558	13,915
Depreciation and amortization	560,887	371,610	324,461	311,860	268,505
Loan loss and other investment reserves, net of recoveries	—	—	—	564	6,722
Transaction related costs	11,430	8,707	3,985	5,402	5,500
Marketing, general and administrative	94,873	92,488	86,192	82,840	80,103
Total expenses	1,585,568	1,345,015	1,253,003	1,230,652	1,094,562
Equity in net income from unconsolidated joint ventures	13,028	26,537	9,921	76,418	1,583
Equity in net gain on sale of interest in unconsolidated joint venture/ real estate	15,844	123,253	3,601	37,053	2,918
Purchase price fair value adjustment	40,078	67,446	(2,305)	—	498,195
Gain on sale of real estate, net	175,974	—	—	—	—
Gain (loss) on sale of investment in marketable securities	—	3,895	—	4,940	4,866
Depreciable real estate reserves	(19,226)	—	—	—	(5,789)
(Loss) gain on early extinguishment of debt	(49)	(32,365)	(18,518)	(6,978)	904
Income from continuing operations	302,910	363,729	110,761	170,833	604,852
Discontinued operations	14,549	182,134	40,587	38,867	72,270
Net income	317,459	545,863	151,348	209,700	677,122
Net income attributable to noncontrolling interests in other partnerships	(15,843)	(6,590)	(10,629)	(5,591)	(15,083)
Preferred unit distributions	(6,967)	(2,750)	(2,260)	(2,107)	—
Net income attributable to SLGOP	294,649	536,523	138,459	202,002	662,039
Preferred unit redemption costs	—	—	(12,160)	(10,010)	—
Perpetual preferred unit distributions	(14,952)	(14,952)	(21,881)	(30,411)	(30,178)
Net income attributable to SLGOP common stockholders	\$279,697	\$521,571	\$104,418	\$161,581	\$631,861
Net income per common unit—Basic	\$2.71	\$5.25	\$1.10	\$1.75	\$7.37
Net income per common unit—Diluted	\$2.70	\$5.23	\$1.10	\$1.74	\$7.33
Cash dividends declared per common unit	\$2.52	\$2.10	\$1.49	\$1.08	\$0.55
Basic weighted average common units outstanding	103,244	99,288	95,004	92,526	79,422
Diluted weighted average common units and common units equivalents outstanding	103,734	99,696	95,266	92,873	79,761
	As of December 31,				
Balance Sheet Data (in thousands)	2015	2014	2013	2012	2011
Commercial real estate, before accumulated depreciation	\$16,681,602	\$14,069,141	\$12,333,780	\$11,662,953	\$11,147,151

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Total assets	19,857,941	17,096,587	14,959,001	14,386,296	13,483,881
Mortgages and other loans payable, revolving credit facility, term loan and senior unsecured notes and trust preferred securities	10,405,748	8,178,787	6,919,908	6,520,420	6,035,397
Total capital	7,719,317	7,459,216	7,282,352	6,650,339	5,481,882

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

SL Green Realty Corp., which is referred to as SL Green or the Company, a Maryland corporation, and SL Green Operating Partnership, L.P., which is referred to as SLGOP or the Operating Partnership, a Delaware limited partnership, were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities. The Company is a self-managed real estate investment trust, or REIT, with in-house capabilities in property management, acquisitions and dispositions, financing, development and redevelopment, construction and leasing. Unless the context requires otherwise, all references to "we," "our" and "us" means the Company and all entities owned or controlled by the Company, including the Operating Partnership. Reckson Associates Realty Corp., or Reckson, and Reckson Operating Partnership, L.P. or ROP, are wholly-owned subsidiaries of the SL Green Realty Corp.

The following discussion related to our consolidated financial statements should be read in conjunction with the financial statements appearing in Item 8 of this Annual Report on Form 10-K.

The New York City commercial real estate market continued to strengthen in 2015, and we took advantage of this strengthening market in improving occupancies and deploying capital in the borough of Manhattan to strategically position the Company for future growth.

Leasing and Operating

In 2015, our same-store Manhattan office property occupancy based on leases signed increased to 97.1% from 95.7% in the prior year. We signed office leases in Manhattan encompassing approximately 2.3 million square feet, of which approximately 0.9 million square feet represented office leases that replaced previously occupied space. Our mark-to-market on these approximately 0.9 million square feet of signed Manhattan office leases that replaced previously occupied space was 15.3% for 2015.

According to Cushman & Wakefield, new leasing activity in Manhattan in 2015 totaled approximately 28.2 million square feet. Of the total 2015 leasing activity in Manhattan, the Midtown submarket accounted for approximately 18.5 million square feet, or approximately 65.6%. Midtown's overall office vacancy decreased from 9.3% at December 31, 2014 to 8.5% at December 31, 2015.

Overall average asking rents in Manhattan increased from \$67.70 per square foot at December 31, 2014 to \$71.58 per square foot at December 31, 2015. Midtown Manhattan average asking rents increased from \$75.14 per square foot at December 31, 2014 to \$76.65 per square foot at December 31, 2015. The Midtown South average asking rent rose 14.7% year-over-year to \$69.66 per square foot while downtown average asking rents increased 16.7% year-over-year to \$59.58 per square foot.

Acquisition and Disposition Activity

Overall Manhattan sales volume increased by 37.3% in 2015 to \$57.8 billion as compared to \$42.1 billion in 2014. Consistent with our multi-faceted approach to property acquisitions, we were able to source transactions during 2015 that provided both stable cash flows and value enhancement opportunities, including the acquisition of consolidated interests in three office properties, one retail property and two retail and residential mixed-use properties, representing total gross asset value of \$3.1 billion.

We also continued to take advantage of significant interest by both international and domestic institutions and individuals seeking ownership interests in Manhattan properties to sell assets, disposing of properties that were non-core or had more limited growth opportunities, and raising efficiently priced capital for reinvestment or debt reduction. During the year, we sold our interest in 140-150 Grand Street, 570 & 574 Fifth Avenue, 120 West 45th Street, 131-137 Spring Street, and 180 Maiden Lane and contracted for the sale of our interests in 885 Third Avenue, 248-252 Bedford Avenue, and 33 Beekman Street.

Debt and Preferred Equity

In 2014 and 2015, in our debt and preferred equity portfolio we continued to focus on the origination of financings, typically in the form of preferred equity and mezzanine debt, for owners or acquirers seeking higher leverage than is available from traditional lending sources who continue to lend at modest leverage levels. This provided us with an opportunity to fill a need for additional debt by providing more modest amounts of leverage, while achieving attractive risk adjusted returns to us on the investments and receiving a significant amount of additional information on the Manhattan market. The typical investments made by us during 2014 and 2015 were to reputable owners or acquirers, and at leverage levels which are senior to sizable equity investments by the sponsors. During 2015, our debt and preferred equity activities included purchases and originations, inclusive of advances under

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future funding obligations, discount and fee amortization, and paid-in-kind interest, net of premium amortization, of \$781.4 million, and sales, redemption and participations of \$520.2 million.

For descriptions of significant activities in 2015, refer to "Part I, Item 1. Business - Highlights from 2015".

Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, and contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We evaluate our assumptions and estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Investment in Commercial Real Estate Properties

On a periodic basis, we assess whether there are any indications that the value of our real estate properties may be impaired or that their carrying value may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted and without interest charges for consolidated properties) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the calculated fair value of the property.

We also evaluate our real estate properties for potential impairment when a real estate property has been classified as held for sale. Real estate assets held for sale are valued at the lower of either their carrying value or fair value less costs to sell. Except as discussed below, we do not believe that there were any indicators of impairment at any of our consolidated properties at December 31, 2015.

During the three months ended September 30, 2015, we recorded a \$19.2 million charge in connection with the sale of two of our properties, which closed in the fourth quarter of 2015. This charge is included in depreciable real estate reserves in the consolidated statements of operations. Prior to the quarter ended September 30, 2015, we do not believe that there were any indicators of impairment at these two properties. See Note 4, "Properties Held for Sale and Property Dispositions."

During the fourth quarter of 2015, we entered into an agreement to sell 885 Third Avenue and recorded a \$6.6 million charge which was included in gain on sale of real estate, net in the consolidated statement of operations. As of December 31, 2015, 885 Third Avenue was not reclassified as held for sale as a result of not meeting the criteria in ASC 360-10, Property, Plant and Equipment - Impairment and Disposal of Long-Lived Assets. In February 2016, we closed on the sale of this property but do not anticipate meeting the criteria for the full accrual method in ASC 360-20, Property, Plant and Equipment - Real Estate Sales and as a result the property will remain on our consolidated balance sheet until the criteria is met.

We incur a variety of costs in the development and leasing of our properties. After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgment. The costs of land and building under development include specifically identifiable costs. The capitalized costs include, but are not limited to, pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. We consider a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but no later than one year from cessation of major construction activity. We cease capitalization on the portions substantially completed and occupied or held available for occupancy, and capitalize only those costs

associated with the portions under construction.

We recognize the assets acquired, liabilities assumed (including contingencies) and any noncontrolling interests in an acquired entity at their fair values on the acquisition date. We expense acquisition-related transaction costs as incurred, which are included in transaction related costs on our consolidated statements of operations.

When we acquire our partner's equity interest in an existing unconsolidated joint venture and gain control over the investment, we record the consolidated investment at fair value. The difference between the book value of our equity investment on the purchase date and our share of the fair value of the investment's purchase price is recorded as a purchase price fair value adjustment in our consolidated statements of operations. In December 2015, we recognized a purchase price fair value adjustment of \$40.1 million in connection with the consolidation of 600 Lexington Avenue. In May 2014, we recognized a purchase price fair value adjustment

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of \$71.4 million in connection with the consolidation of 388-390 Greenwich Street. These acquisitions were previously accounted for as investments in unconsolidated joint ventures.

We allocate the purchase price of real estate to land and building (inclusive of tenant improvements) and, if determined to be material, intangibles, such as the value of the above-and below-market leases and origination costs associated with the in-place leases. We depreciate the amount allocated to building (inclusive of tenant improvements) over their estimated useful lives, which generally range from 3 to 40 years. We amortize the amount allocated to the above- and below-market leases over the remaining term of the associated lease, which generally range from 1 to 14 years, and record it as either an increase (in the case of below-market leases) or a decrease (in the case of above-market leases) to rental income. We amortize the amount allocated to the values associated with in-place leases over the expected term of the associated lease, which generally ranges from 1 to 14 years. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off. The tenant improvements and origination costs are amortized as an expense over the remaining life of the lease (or charged against earnings if the lease is terminated prior to its contractual expiration date). We assess fair value of the leases based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property. To the extent acquired leases contain fixed rate renewal options that are below-market and determined to be material, we amortize such below-market lease value into rental income over the renewal period.

Investments in Unconsolidated Joint Ventures

We account for our investments in unconsolidated joint ventures under the equity method of accounting in cases where we exercise significant influence over, but do not control, these entities and are not considered to be the primary beneficiary. We consolidate those joint ventures that we control or which are VIEs and where we are considered to be the primary beneficiary. In all these joint ventures, the rights of the joint venture partner are both protective as well as participating. Unless we are determined to be the primary beneficiary in a VIE, these participating rights preclude us from consolidating these VIE entities. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions. Equity in net income (loss) from unconsolidated joint ventures is allocated based on our ownership or economic interest in each joint venture. When a capital event (as defined in each joint venture agreement) such as a refinancing occurs, if return thresholds are met, future equity in net income will be allocated at our increased economic interest. We recognize incentive income from unconsolidated real estate joint ventures as income to the extent it is earned and not subject to a clawback feature. Distributions we receive from unconsolidated real estate joint ventures in excess of our basis in the investment are recorded as offsets to our investment balance if we remain liable for future obligations of the joint venture or may otherwise be committed to provide future additional financial support. None of the joint venture debt is recourse to us, except for \$18.4 million which we guarantee at 1 joint venture and performance guarantees under master leases at two other joint ventures. See Note 6, "Investments in Unconsolidated Joint Ventures," in the accompanying consolidated financial statements.

We assess our investments in unconsolidated joint ventures for recoverability, and if it is determined that a loss in value of the investment is other than temporary, we write down the investment to its fair value. We evaluate our equity investments for impairment based on the joint venture's projected discounted cash flows. We do not believe that the values of any of our equity investments were impaired at December 31, 2015.

We may originate loans for real estate acquisition, development and construction where we expect to receive some of the residual profit from such projects. When the risk and rewards of these arrangements are essentially the same as an investor or joint venture partner, we account for these arrangements as real estate investments under the equity method of accounting for investments. Otherwise, we account for these arrangements consistent with our loan accounting for our debt and preferred equity investments.

Revenue Recognition

Rental revenue is recognized on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rents receivable on the

consolidated balance sheets. We establish, on a current basis, an allowance for future potential tenant credit losses, which may occur against this account. The balance reflected on the consolidated balance sheets is net of such allowance.

We record a gain on sale of real estate when title is conveyed to the buyer, subject to the buyer's financial commitment being sufficient to provide economic substance to the sale and provided that we have no substantial economic involvement with the buyer.

Interest income on debt and preferred equity investments is accrued based on the outstanding principal amount and contractual terms of the instruments and when, in the opinion of management, it is deemed collectible. Some debt and preferred equity investments provide for accrual of interest at specified rates, which differ from current payment terms. Interest is recognized on such loans at the accrual rate subject to management's determination that accrued interest is ultimately collectible, based on the

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underlying collateral and operations of the borrower. If management cannot make this determination, interest income above the current pay rate is recognized only upon actual receipt.

Deferred origination fees, original issue discounts and loan origination costs, if any, are recognized as an adjustment to the interest income over the terms of the related investments using the effective interest method. Fees received in connection with loan commitments are also deferred until the loan is funded and are then recognized over the term of the loan as an adjustment to yield.

Debt and preferred equity investments are placed on a non-accrual status at the earlier of the date at which payments become 90 days past due or when, in the opinion of management, a full recovery of interest income becomes doubtful. Interest income recognition on any non-accrual debt or preferred equity investment is resumed when such non-accrual debt or preferred equity investment becomes contractually current and performance is demonstrated to be resumed. Interest is recorded as income on impaired loans only to the extent cash is received.

We may syndicate a portion of the loans that we originate or sell the loans individually. When a transaction meets the criteria for sale accounting, we derecognize the loan sold and recognize gain or loss based on the difference between the sales price and the carrying value of the loan sold. Any related unamortized deferred origination fees, original issue discounts, loan origination costs, discounts or premiums at the time of sale are recognized as an adjustment to the gain or loss on sale, which is included in investment income on the consolidated statements of operations. Any fees received at the time of sale or syndication are recognized as part of investment income.

Asset management fees are recognized on a straight-line basis over the term of the asset management agreement.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our tenants to make required payments. If the financial condition of a specific tenant were to deteriorate, resulting in an impairment of its ability to make payments, additional allowances may be required.

Reserve for Possible Credit Losses

The expense for possible credit losses in connection with debt and preferred equity investments is the charge to earnings to increase the allowance for possible credit losses to the level that we estimate to be adequate, based on Level 3 data, considering delinquencies, loss experience and collateral quality. Other factors considered include geographic trends, product diversification, the size of the portfolio and current economic conditions. Based upon these factors, we establish a provision for possible credit loss on each individual investment. When it is probable that we will be unable to collect all amounts contractually due, the investment is considered impaired.

Where impairment is indicated on an investment that is held to maturity, a valuation allowance is measured based upon the excess of the recorded investment amount over the net fair value of the collateral. Any deficiency between the carrying amount of an asset and the calculated value of the collateral is charged to expense. We continue to assess or adjust our estimates based on circumstances of a loan and the underlying collateral. If additional information reflects increased recovery of our investment, we will adjust our reserves accordingly. There were no loan reserves recorded during years ended December 31, 2015, 2014, and 2013.

Debt and preferred equity investments held for sale are carried at the lower of cost or fair market value using available market information obtained through consultation with dealers or other originators of such investments as well as discounted cash flow models based on Level 3 data pursuant to ASC 820-10. As circumstances change, management may conclude not to sell an investment designated as held for sale. In such situations, the investment will be reclassified at its net carrying value to debt and preferred equity investments held to maturity. For these reclassified investments, the difference between the current carrying value and the expected cash to be collected at maturity will be accreted into income over the remaining term of the investment.

Derivative Instruments

In the normal course of business, we use a variety of commonly used derivative instruments, such as interest rate swaps, caps, collar and floors, to manage, or hedge, interest rate risk. Effectiveness is essential for those derivatives that we intend to qualify for hedge accounting. Some derivative instruments are associated with an anticipated transaction. In those cases, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the

derivative contract.

To determine the fair values of derivative instruments, we use a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date. For the majority of financial instruments including most derivatives, long-term investments and long-term debt, standard market conventions and techniques such as discounted cash flow analysis, option

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pricing models, replacement cost, and termination cost are used to determine fair value. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

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Results of Operations

Comparison of the year ended December 31, 2015 to the year ended December 31, 2014

The following comparison for the year ended December 31, 2015, or 2015, to the year ended December 31, 2014, or 2014, makes reference to the following: (i) the effect of the "Same-Store Properties," which represents all operating properties owned by us at January 1, 2014 and still owned by us in the same manner at December 31, 2015

(Same-Store Properties totaled 54 of our 75 consolidated operating properties, representing 69.5% of our share of annualized cash rent), (ii) the effect of the "Acquisition Properties," which represents all properties or interests in properties acquired in 2015 and 2014 and all non-Same-Store Properties, including properties that are under development, redevelopment or deconsolidated during the period, and (iii) "Other," which represents corporate level items not allocable to specific properties, as well as the Service Corporation and eEmerge Inc. Any assets sold or held for sale are excluded from the income from continuing operations and from the following discussion.

(in millions)	Same-Store				Acquisition				Other				Consolidated			
	2015	2014	\$ Change	% Change	2015	2014	2015	2014	2015	2014	2015	2014	\$ Change	% Change		
Rental revenue	\$1,019.9	\$986.1	\$33.8	3.4 %	\$195.8	\$96.8	\$30.3	\$38.2	\$1,246.0	\$1,121.1	\$124.9	11.1 %				
Escalation and reimbursement	165.7	154.5	11.2	7.2 %	7.6	3.6	5.2	6.3	178.5	164.4	14.1	8.6 %				
Investment income	—	—	—	— %	0.4	0.3	180.7	178.5	181.1	178.8	2.3	1.3 %				
Other income	22.8	4.8	18.0	375.0 %	7.0	0.2	27.4	50.7	57.2	55.7	1.5	2.7 %				
Total revenues	1,208.4	1,145.4	63.0	5.5 %	210.8	100.9	243.6	273.7	1,662.8	1,520.0	142.8	9.4 %				
Property operating expenses	518.0	489.0	29.0	5.9 %	20.7	13.4	28.5	30.0	567.2	532.4	34.8	6.5 %				
Transaction related costs	0.2	0.9	(0.7)	(77.8)%	8.1	3.9	3.1	3.9	11.4	8.7	2.7	31.0 %				
Marketing, general and administrative	—	—	—	— %	—	—	94.9	92.5	94.9	92.5	2.4	2.6 %				
	518.2	489.9	28.3	5.8 %	28.8	17.3	126.5	126.4	673.5	633.6	39.9	6.3 %				
Net operating income	\$690.2	\$655.5	\$34.7	5.3 %	\$182.0	\$83.6	\$117.1	\$147.3	\$989.3	\$886.4	\$102.9	11.6 %				
Other income (expenses):																
Interest expense and amortization of deferred financing costs, net of interest income									(351.2)	(339.8)	(11.4)	3.4 %				
Depreciation and									(560.9)	(371.6)	(189.3)	50.9 %				

amortization				
Equity in net income from unconsolidated joint ventures	13.0	26.5	(13.5)	(50.9)%
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	15.8	123.3	(107.5)	(87.2)%
Purchase price fair value adjustment	40.1	67.4	(27.3)	(40.5)%
Gain on sale of real estate, net	176.0	—	176.0	— %
Depreciable real estate reserves	(19.2)	—	(19.2)	100.0 %
Gain on sale of investment in marketable securities	—	3.9	(3.9)	100.0 %
Loss on early extinguishment of debt	—	(32.4)	32.4	(100.0)%
Income from continuing operation	302.9	363.7	(60.8)	(16.7)%
Net income from discontinued operations	0.4	19.1	(18.7)	(97.9)%
Gain on sale of discontinued operations	14.1	163.1	(149.0)	(91.4)%
Net income	\$317.4	\$545.9	\$(228.5)	(41.9)%

Rental, Escalation and Reimbursement Revenues

Rental revenues increased primarily as a result of the properties acquired (\$107.0 million), which included the consolidation of 388-390 Greenwich Street (\$58.1 million), as discussed below, and the acquisition of 11 Madison Avenue (\$33.9 million), an

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increase in occupancy at our Same-Store Properties (\$33.8 million) and an increase in occupancy at two properties that were placed into service (\$9.2 million). This increase was partially offset by vacating the properties that comprise the One Vanderbilt development site (\$16.6 million).

In May 2014, we acquired our joint venture partner's interest in 388-390 Greenwich Street thereby assuming full ownership of this triple net lease property. As a result of this acquisition, we consolidated the results of operations of this property beginning in May 2014. Prior to May 2014, we accounted for our investments in 388-390 Greenwich Street under the equity method of accounting. In January 2016, Citigroup, Inc. exercised its option to purchase 388-390 Greenwich Street for \$2.0 billion, net of any unfunded tenant concessions. The closing is scheduled for December 2017 and is subject to customary closing conditions.

Escalation and reimbursement revenue increased primarily as a result of higher real estate tax recoveries (\$10.8 million) at the Same-Store Properties attributable to an increase in the related real estate tax expense and properties recently acquired (\$6.5 million), partially offset by vacating the properties that comprise the One Vanderbilt development site (\$3.0 million).

Occupancy in our Same-Store Manhattan consolidated office operating portfolio, excluding leases signed but not yet commenced, increased to 96.5% at December 31, 2015 as compared to 94.8% at December 31, 2014. Occupancy for our Same-Store Suburban consolidated office operating portfolio, excluding leases signed but not yet commenced, increased to 80.6% at December 31, 2015 as compared to 80.1% at December 31, 2014.

The following table presents a summary of the commenced leasing activity for the year ended December 31, 2015 in our Manhattan and Suburban portfolio:

	Useable SF	Rentable SF	New Cash Rent (per rentable SF) ⁽¹⁾	Prev. Escalated Rent (per rentable SF) ⁽²⁾	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Manhattan							
Space available at beginning of the period	1,030,205						
Sold Vacancies	(16,733)						
Properties placed in service	721,525						
Space which became available during the period ⁽³⁾							
• Office	761,437						
• Retail	36,965						
• Storage	5,582						
	803,984						
Total space available	2,538,981						
Leased space commenced during the period:							
• Office ⁽⁴⁾	1,041,924	1,121,177	\$62.52	\$52.99	\$73.79	6.2	10.6
• Retail	92,807	90,842	\$301.00	\$180.80	\$195.27	2.2	12.1
• Storage	8,283	9,167	\$20.26	\$25.14	\$2.18	1.6	9.7
Total leased space commenced	1,143,014	1,221,186	\$79.94	\$61.65	\$82.29	5.8	10.7
Total available space at end of period	1,395,967						
Early renewals							
• Office	406,764	432,349	\$69.08	\$59.00	\$18.83	1.4	6.6

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• Retail	83,138	81,531	\$52.13	\$43.01	\$—	0.1	9.6
• Storage	993	1,055	\$29.20	\$28.75	\$—	—	3.2
Total early renewals	490,895	514,935	\$66.32	\$56.41	\$15.81	1.2	7.1
Total commenced leases, including replaced previous vacancy							
• Office		1,553,526	\$64.34	\$55.53	\$58.50	4.8	9.5
• Retail		172,373	\$183.29	\$90.82	\$102.91	1.2	10.9
• Storage		10,222	\$21.18	\$26.74	\$1.96	1.5	9.0
Total commenced leases		1,736,121	\$75.90	\$59.30	\$62.57	4.4	9.6

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	Useable SF	Rentable SF	New Cash Rent (per rentable SF) (1)	Prev. Escalated Rent (per rentable SF) (2)	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Suburban							
Space available at beginning of period	1,128,724						
Sold Vacancies	(93,187)						
Properties placed in service	64,510						
Space which became available during the period ⁽³⁾							
• Office	580,216						
• Retail	3,673						
• Storage	3,972						
	587,861						
Total space available	1,687,908						
Leased space commenced during the period:							
• Office ⁽⁵⁾	506,197	507,009	\$32.01	\$34.81	\$39.03	5.7	7.6
• Retail	1,922	1,732	\$81.70	\$31.17	\$64.72	1.8	7.8
• Storage	4,414	4,678	\$14.04	\$12.16	\$—	0.0	4.1
Total leased space commenced	512,533	513,419	\$32.02	\$34.47	\$38.76	5.7	7.6
Total available space at end of the period	1,175,375						
Early renewals							
• Office	223,752	221,098	\$33.65	\$33.59	\$19.24	2.7	4.7
• Retail	—	—	\$—	\$—	\$—	—	—
• Storage	125	125	\$10.00	\$10.00	\$—	—	3.8
Total early renewals	223,877	221,223	\$33.64	\$33.57	\$19.23	2.7	4.7
Total commenced leases, including replaced previous vacancy							
• Office		728,107	\$32.51	\$23.39	\$33.02	3.7	5.3
• Retail		1,732	\$81.70	\$12.66	\$64.72	1.0	2.8
• Storage		4,803	\$13.94	\$—	\$—	—	3.7
Total commenced leases		734,642	\$32.50	\$23.18	\$32.88	3.6	5.3

(1) Annual initial base rent.

(2) Escalated rent is calculated as total annual income less electric charges.

(3) Includes expiring space, relocating tenants and move-outs where tenants vacated. Excludes lease expirations where tenants held over.

Average starting office rent excluding new tenants replacing vacancies was \$71.15 per rentable square feet for (4) 590,152 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was \$64.91 per rentable square feet for 1,022,501 rentable square feet.

Average starting office rent excluding new tenants replacing vacancies was \$36.34 per rentable square feet for (5)252,177 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was \$33.64 per rentable square feet for 473,275 rentable square feet. At December 31, 2015, 3.6% and 10.8% of the office space leased at our consolidated Manhattan and Suburban operating properties, respectively, is expected to expire during 2016. Based on our estimates at December 31, 2015, the current market asking rents on these expected 2016 lease expirations at our consolidated Manhattan operating properties are 14.1% higher than the existing in-place fully escalated rents while the current market asking rents on all of our consolidated Manhattan operating properties are 16.3% higher than the existing in-place fully escalated rents on leases that are scheduled to expire in all future years. Based on our estimates at December 31, 2015, the current market asking rents on these expected 2016 lease expirations at our consolidated Suburban operating properties are 8.7% higher than the existing in-place fully escalated rents while the current market asking rents on all of our consolidated Suburban operating properties are 7.4% higher than the existing in-place fully escalated rents on leases that are scheduled to expire in all future years.

Table of Contents**Investment Income**

Investment income increased primarily as a result of higher average investment balances for the year ended December 31, 2015. For the twelve months ended December 31, 2015, the weighted average debt and preferred equity investment balance outstanding and weighted average yield were \$1.7 billion and 10.3%, respectively, compared to \$1.4 billion and 10.5%, respectively, for the same period in 2014. In addition, we recognized additional income as a result of the early repayment of certain mortgage and mezzanine positions (\$2.5 million) and the sale of a junior mortgage position (\$1.2 million). This increase was partially offset by additional income recognized in 2014 on a mezzanine investment for which the underlying property was sold in June 2014 (\$10.1 million) and a financing receivable on which we began accruing interest following the completion of the development of the underlying property (\$5.3 million). As of December 31, 2015, the debt and preferred equity investments had a weighted average term to maturity of 1.7 years as compared to a weighted average term to maturity of 2.0 years as of December 31, 2014.

Other Income

Other income increased primarily as a result of lease termination income earned at our same-store properties (\$20.2 million), which included 919 Third Avenue (\$12.5 million), a non-recurring fee related to the settlement of a previous investment (\$6.5 million), a tax benefit related to our taxable REIT subsidiary (\$5.3 million), a non-recurring fee received from a current tenant (\$3.5 million), and a bankruptcy settlement received from a former tenant (\$2.7 million). This increase was partially offset by promote income earned in 2014 in connection with the sale of our joint venture interest in 747 Madison Avenue and 180 Broadway in 2014 (\$13.6 million), incentive income received from a joint venture investment in 2014 (\$7.6 million), lower contributions from Service Corporation (\$8.0 million) and a one-time fee earned in connection with the restructuring of one of our debt investments in 2014 (\$5.7 million).

Property Operating Expenses

Property operating expenses increased primarily as a result of higher operating expenses at the Same-Store Properties (\$28.3 million) and properties recently acquired (\$14.4 million), partially offset by a decrease from vacating the properties that comprise the One Vanderbilt development site (\$9.0 million). The increase in property operating expenses at the Same-Store Properties was primarily attributable to higher real estate taxes (\$15.7 million), repairs and maintenance (\$12.0 million) and professional fees (\$2.2 million).

Marketing, General and Administrative Expenses

Marketing, general and administrative expenses for the year ended December 31, 2015 were \$94.9 million, or 5.0% of total combined revenues, including our share of joint venture revenues, and 44 basis points of total combined assets, including our share of joint venture assets compared to \$92.5 million, or 5.3% of total revenues including our share of joint venture revenues, and 49 basis points of total assets including our share of joint venture assets for 2014.

Interest Expense and Amortization of Deferred Financing Costs, Net of Interest Income

Interest expense and amortization of deferred financing costs, net of interest income, increased primarily as a result of the acquisition of our joint venture partner's interest in May 2014 and a new mortgage at 388-390 Greenwich Street (\$16.4 million), increased borrowings on the 2012 credit facility (\$10.9 million), and a new mortgage related to the acquisition of 11 Madison Avenue (\$12.8 million). These increases were partially offset the repayment of the mortgages at 625 Madison Avenue (\$8.4 million) and 125 Park Avenue (\$4.3 million) during the fourth quarter of 2014 and 711 Third (\$4.8 million) during the first quarter of 2015, the capitalization of interest relating to properties under development (\$4.4 million), the redemption of a preferred equity investment which secured a loan (\$3.1 million) during the fourth quarter of 2014, and the repayment of 5.875% senior notes issued by ROP in August 2014 (\$2.8 million) at their maturity. The weighted average consolidated debt balance outstanding increased to \$9.2 billion for the year ended December 31, 2015 from \$8.7 billion for the year ended December 31, 2014. The weighted average interest rate decreased to 3.78% for the year ended December 31, 2015 from 4.24% for the year ended December 31, 2014.

Depreciation and Amortization

Depreciation and amortization increased primarily as a result of accelerated depreciation expense related to vacating the properties that comprise the One Vanderbilt development site (\$138.1 million), the consolidation of 388-390

Greenwich Street in 2014 (\$31.2 million), and the acquisition of 11 Madison in August 2015 (\$11.1 million), partially offset by the write-off of certain tenant improvements and value for in-place leases associated with a former tenant in 2014 (\$3.4 million).

Equity in Net Income in Unconsolidated Joint Venture/Real Estate

Equity in net income from unconsolidated joint ventures decreased primarily as a result of lower net income contributions from 388-390 Greenwich (\$7.6 million) as a result of our acquisition of our joint venture partner's interest in May 2014, the refinancing and early prepayment of 3 Columbus Circle in the first quarter of 2015 (\$3.6 million), an increase in net loss recognized as a result of the acquisition of additional interests in 1745 Broadway in the fourth quarter of 2014 (\$2.3 million), a decrease in the capitalization of costs for 280 Park Avenue (\$1.9 million), and the disposition of 180 Broadway in September 2014 (\$1.6

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million). This decrease was partially offset by higher contributions from debt and preferred equity investments that were originated during 2014 and have been accounted for as equity investments (\$3.3 million), the net loss recognized in 2014 from the West Coast portfolio (\$2.4 million), the refinancing and early prepayment in 2014 of 100 Park Avenue (\$2.0 million) and an increase in occupancy at 600 Lexington Avenue (\$1.2 million).

Equity in Net Gain on Sale of Interest in Unconsolidated Joint Ventures

During the year ended December 31, 2015, we recognized a gain on sale associated with the sale of our joint venture interest at 315 West 36th Street (\$16.3 million), partially offset by a loss on the sale of our joint venture interest at the Meadows (\$1.6 million). During the year ended December 31, 2014 we recognized gains on the sale of a portfolio of office properties primarily in Southern California, or the "West Coast portfolio" (\$85.6 million), the sale of partnership interests in 21 West 34th Street (\$20.9 million), the sale of the joint venture property at 180 Broadway (\$16.5 million) and the sale of condominium units at 248 Bedford Avenue, Brooklyn (\$1.5 million).

Purchase Price Fair Value Adjustment

The purchase price fair value adjustment for the year ended December 31, 2015 was attributable to the acquisition of our joint venture partner's interest in 600 Lexington Avenue. The purchase price fair value adjustment for the year ended December 31, 2014 was attributable to the acquisition of our joint venture partner's interest in 388-390 Greenwich Street.

Gain on Sale of Real Estate

During the year ended December 31, 2015, we recognized a gain on sale associated with the sales of 120 West 45th Street (\$58.6 million), an 80% interest in 131-137 Spring Street (\$101.1 million), 570 & 574 Fifth Avenue (\$24.6 million), and a loss on the sale of 885 Third Avenue (\$6.6 million).

Depreciable Real Estate Reserves

During the year ended December 31, 2015, we recorded a \$19.2 million charge in connection with the sale of 140-150 Grand Street.

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt for the year ended December 31, 2014 was primarily attributable to the refinancing of the mortgage at 420 Lexington Avenue (\$24.5 million) and the early repayment of the mortgage at 625 Madison Avenue (\$6.9 million).

Discontinued Operations

Discontinued operations for the year ended December 31, 2015 included the gain recognized on the sale of 180 Maiden Lane (\$17.0 million) and the related results of operations. Discontinued operations for the year ended December 31, 2014 included the gains recognized on the sale of 673 First Avenue (\$117.6 million), 985-987 Third Avenue (\$29.8 million), and 2 Herald Square (\$18.8 million), and the results of operations of these properties and other properties that were held for sale or sold as of December 31, 2014.

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Comparison of the year ended December 31, 2014 to the year ended December 31, 2013

The following comparison for the year ended December 31, 2014, or 2014, to the year ended December 31, 2013, or 2013, makes reference to the following: (i) the effect of the “Same-Store Properties,” which represents all operating properties owned by us at January 1, 2013 and still owned by us at December 31, 2014 and totaled 57 of our 76 consolidated operating properties, representing 80% of our share of annualized cash rent, (ii) the effect of the “Acquisition Properties,” which represents all properties or interests in properties acquired in 2014 and 2013 and all non-Same-Store Properties, including properties that are under development, redevelopment or deconsolidated during the period, and (iii) “Other,” which represents corporate level items not allocable to specific properties, as well as the Service Corporation and eEmerge Inc. Any assets sold or held for sale are excluded from the income from continuing operations and from the following discussion.

(in millions)	Same-Store		\$		Acquisition		Other		Consolidated		\$		% Change	
	2014	2013	Change	% Change	2014	2013	2014	2013	2014	2013	Change	% Change		
Rental revenue	\$983.2	\$955.9	\$27.3	2.9 %	\$136.9	\$42.8	\$0.9	\$(1.9)	\$1,121.0	\$996.8	\$124.2	12.5 %		
Escalation and reimbursement	153.4	148.0	5.4	3.6 %	9.6	7.2	1.4	0.8	164.4	156.0	8.4	5.4 %		
Investment income	—	—	—	— %	0.3	—	178.5	193.8	178.8	193.8	(15.0)	(7.7) %		
Other income	5.1	5.7	(0.6)	(10.5) %	0.3	0.5	50.4	18.3	55.8	24.5	31.3	127.8 %		
Total revenues	1,141.7	1,109.6	32.1	2.9 %	147.1	50.5	231.2	211.0	1,520.0	1,371.1	148.9	10.9 %		
Property operating expenses	483.0	472.3	10.7	2.3 %	35.8	26.4	13.6	13.0	532.4	511.7	20.7	4.0 %		
Transaction related costs, net of recoveries	0.1	0.1	0.0	0.0 %	4.7	3.3	3.9	0.6	8.7	4.0	4.7	117.5 %		
Marketing, general and administrative	—	—	—	— %	—	—	92.5	86.2	92.5	86.2	6.3	7.3 %		
	483.1	472.4	10.7	2.3 %	40.5	29.7	110.0	99.8	633.6	601.9	31.7	5.3 %		
Net operating income	\$658.6	\$637.2	\$21.4	3.4 %	\$106.6	\$20.8	\$121.2	\$111.2	\$886.4	\$769.2	\$117.2	15.2 %		
Other income (expenses):														
Interest expense and amortization of deferred financing costs, net of interest income									(339.8)	(326.7)	(13.1)	4.0 %		
Depreciation and									(371.6)	(324.5)	(47.1)	14.5 %		

amortization					
Equity in net income from unconsolidated joint ventures	26.5	9.9	16.6	167.7	%
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	123.3	3.6	119.7	3,325.0	%
Purchase price fair value adjustment	67.4	(2.3)	69.7	3,030.4	%
Gain on sale of investment in marketable securities	3.9	—	3.9	100.0	%
Loss on early extinguishment of debt	(32.4)	(18.5)	(13.9)	75.1	%
Income from continuing operation	363.7	110.7	253.0	228.5	%
Net income from discontinued operations	19.1	25.7	(6.6)	(25.7)	%
Gain on sale of discontinued operations	163.1	14.9	148.2	994.6	%
Net income	\$545.9	\$151.3	\$394.6	260.8	%

In May 2014, we acquired our joint venture partner's interest in 388-390 Greenwich Street thereby assuming full ownership of this triple net lease property. As a result of this acquisition, we consolidated the results of operations of this property beginning in May 2014. Prior to May 2014, we accounted for our investments in 388-390 Greenwich Street under the equity method of accounting.

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Rental, Escalation and Reimbursement Revenues

Rental revenues increased primarily as a result of the properties acquired (\$103.9 million), which included the consolidation of 388-390 Greenwich Street (\$71.7 million), and an increase in occupancy at our Same-Store Properties (\$27.3 million), as discussed below, partially offset by a reduction in revenues from operating properties that went into development or redevelopment during 2014 (\$8.9 million).

Escalation and reimbursement revenue increased primarily as a result of higher recoveries at the Same-Store Properties (\$5.4 million) and the Acquisition Properties (\$2.4 million). The increase in escalation and reimbursement revenue at the Same-Store Properties was primarily a result of higher real estate recoveries (\$7.0 million), partially offset by lower operating expense escalations and electric reimbursements (\$1.6 million).

Physical occupancy in our Same-Store Manhattan consolidated office portfolio, excluding leases signed but not yet commenced, increased to 94.8% at December 31, 2014 as compared to 94.2% at December 31, 2013. Occupancy for our Suburban office consolidated portfolio, excluding leases signed but not yet commenced, increased to 80.7% at December 31, 2014 as compared to 78.5% at December 31, 2013.

The following table presents a summary of the leasing activity for the year ended December 31, 2014 in our Manhattan and Suburban portfolio:

	Useable SF	Rentable SF	New Cash Rent (per rentable SF) (1)	Prev. Escalated Rent (per rentable SF) (2)	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Manhattan							
Vacancy at beginning of year	1,155,271						
Sold vacancies	(3,653))					
Properties under development	(61,123))					
Properties placed in service	155,684						
Space which became available during the year(3)							
• Office	873,422						
• Retail	14,649						
• Storage	3,299						
	891,370						
Total space available	2,137,549						
Space leased during the year:							
• Office(4)	1,083,254	1,185,062	\$56.27	\$50.66	\$63.32	4.5	9.1
• Retail	21,077	21,321	\$113.17	\$116.99	\$38.93	5.0	14.4
• Storage	3,013	3,317	\$26.03	\$27.57	\$5.36	—	9.1
Total space leased	1,107,344	1,209,700	\$57.19	\$51.39	\$62.73	4.5	9.2
Total available space at end of year	1,030,205						
Early renewals							
• Office	607,074	655,513	\$67.77	\$56.93	\$45.34	1.2	10.5
• Retail	20,973	21,214	\$151.90	\$120.21	\$25.44	0.20	10.6
• Storage	8,120	8,087	\$30.85	\$25.39	\$2.86	—	9.6
Total early renewals	636,167	684,814	\$69.94	\$58.52	\$44.22	1.2	10.5

Total commenced leases,
including replaced previous
vacancy

• Office	1,840,575	\$60.37	\$53.65	\$56.92	3.3	9.6
• Retail	42,535	\$132.49	\$119.30	\$32.20	2.6	12.5
• Storage	11,404	\$29.45	\$25.67	\$3.59	—	9.4
Total commenced leases	1,894,514	\$61.80	\$54.85	\$56.04	3.3	9.7

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	Useable SF	Rentable SF	New Cash Rent (per rentable SF) (1)	Prev. Escalated Rent (per rentable SF) (2)	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Suburban							
Vacancy at beginning of period	1,069,848						
Properties placed in service	112,921						
Space which became available during the year(3)							
• Office	425,313						
• Retail	1,385						
• Storage	1,362						
	428,060						
Total space available	1,610,829						
Space leased during the year:							
• Office(5)	476,392	485,900	\$30.16	\$30.34	\$39.14	5.5	8.0
• Retail	2,583	2,583	\$23.23	\$23.23	\$1.00	6.0	10.5
• Storage	3,130	3,205	\$6.90	\$11.27	\$—	—	3.9
Total space leased	482,105	491,688	\$29.97	\$30.19	\$38.68	5.4	8.0
Total available space at end of the year	1,128,724						
Early renewals							
• Office	176,691	180,037	\$33.52	\$33.82	\$24.61	7.1	8.7
• Retail	50,247.00	50,247	\$17.78	\$16.79	\$—	—	5.0
• Storage	625	625	\$18.00	\$14.00	\$—	—	10.0
Total early renewals	227,563	230,909	\$30.06	\$30.06	\$19.19	5.50	7.9
Total commenced leases, including replaced previous vacancy							
• Office		665,937	\$31.07	\$31.99	\$35.21	5.9	8.2
• Retail		52,830	\$18.05	\$17.10	\$—	0.3	5.3
• Storage		3,830	\$8.71	\$12.61	\$—	—	4.9
Total commenced leases		722,597	\$30.00	\$30.12	\$32.45	5.5	8.0

(1) Annual initial base rent.

(2) Escalated rent is calculated as total annual income less electric charges.

(3) Includes expiring space, relocating tenants and move-outs where tenants vacated. Excludes lease expirations where tenants held over.

Average starting office rent excluding new tenants replacing vacancies was \$54.44 per rentable square feet for (4) 717,498 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was \$60.80 per rentable square feet for 1,373,011 rentable square feet.

Average starting office rent excluding new tenants replacing vacancies was \$30.65 per rentable square feet for (5) 199,436 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was \$32.01 per rentable square feet for 379,473 rentable square feet.

At December 31, 2014, 3.0% and 8.1% of the office space leased at our consolidated Manhattan and Suburban operating properties, respectively, is expected to expire during 2015. Based on our estimates at December 31, 2014, the current market asking rents on these expected 2015 lease expirations at our consolidated Manhattan operating properties are 15.9% higher than the existing in-place fully escalated rents while the current market asking rents on all of our consolidated Manhattan operating properties are 13.6% higher than the existing in-place fully escalated rents on leases that are scheduled to expire in all future years. Based on our estimates at December 31, 2014, the current market asking rents on these expected 2015 lease expirations at our consolidated Suburban operating properties are 0.5% higher than the existing in-place fully escalated rents while the current market asking rents on all of our consolidated Suburban operating properties are 3.2% higher than the existing in-place fully escalated rents on leases that are scheduled to expire in all future years.

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Investment income decreased primarily as a result of a lower weighted average yield on the debt and preferred equity portfolio, a gain on sale of 50% of our interest in one of our debt investments in 2013 (\$12.9 million) and additional income from the repayment of one of our debt investments in 2013 (\$6.4 million), partially offset by a higher investment balance in 2014 and additional income recognized on a mezzanine investment when the underlying property was sold in June 2014 (\$10.1 million). The weighted average investment balance outstanding and weighted average yield were \$1.4 billion and 10.5%, respectively, for the year ended December 31, 2014 as compared to 1.3 billion and 11.2%, respectively, for the year ended December 31, 2013. As of December 31, 2014, our debt and preferred equity investments had a weighted average term to maturity of 2.0 years.

Other Income

Other income increased primarily as a result of a higher contribution from Service Corporation (\$15.4 million), promote income earned in connection with the sale of our joint venture interests in 747 Madison Avenue and 180 Broadway (\$13.6 million), incentive income received from a joint venture investment (\$7.6 million) and a fee earned in connection with the restructuring of one of our debt investments (\$5.7 million), partially offset by income from expense reimbursements in 2013 (\$4.2 million).

Property Operating Expenses

Property operating expenses increased primarily as a result of higher operating expenses at the Acquisition Properties (\$16.7 million) and the Same-Store Properties (\$10.8 million), partially offset by lower operating expenses from operating properties that went into development or redevelopment during 2014 (\$6.8 million). The increase in property operating expenses at the Same-Store Properties was mainly a result of higher real estate taxes (\$9.9 million), which was driven by higher assessed values and tax rates, and payroll costs (\$2.5 million), partially offset by lower repairs and maintenance (\$1.0 million) and utility expenses (\$0.7 million).

Transaction Related Costs, Net of Recoveries

Transaction related costs, net of recoveries, increased primarily as a result of a higher volume of investment activity during the year ended December 31, 2014 and the reimbursement of transaction costs in 2013.

Marketing, General and Administrative Expenses

Marketing, general and administrative expenses for the year ended December 31, 2014 were \$92.5 million, or 5.3% of total revenues including our share of joint venture revenues, and 49 basis points of total assets including our share of joint venture assets compared to \$86.2 million, or 5.3% of total revenues including our share of joint venture revenues, and 50 basis points of total assets including our share of joint venture assets for the year ended December 31, 2013.

Interest Expense, Net of Interest Income

Interest expense, net of interest income, increased as a result of the acquisition of our joint venture partner's interest and a new mortgage at 388-390 Greenwich Street (\$27.9 million) and increased borrowings on the 2012 credit facility (\$6.1 million), partially offset by an increase in capitalization of interest relating to properties under development or redevelopment (\$8.1 million), decreased borrowings on our MRA (\$1.8 million), the repayment of 5.875% senior notes in August 2014 (\$1.7 million) and the refinancing of 220 East 42nd Street at a lower rate in October 2013 (\$1.3 million). The weighted average debt balance outstanding increased from \$6.8 billion for the year ended December 31, 2013 to \$8.1 billion for the year ended December 31, 2014. The weighted average interest rate decreased from 4.81% for the year ended December 31, 2013 to 4.24% for the year ended December 31, 2014.

Depreciation and Amortization

Depreciation and amortization increased mainly as a result of the Acquisition Properties (\$36.0 million), which included the consolidation of 388-390 Greenwich Street (\$18.3 million), and a write-off of certain tenant improvements and value for in-place leases associated with a former tenant in 2014 (\$3.4 million). The remaining increase is primarily a result of increased capital expenditures at certain properties, partially offset by a write-off of certain tenant improvements and value for in-place leases associated with a former tenant in 2013 (\$4.7 million).

Equity in Net Income From Unconsolidated Joint Ventures

Equity in net income from unconsolidated joint ventures increased primarily as a result of net loss recognized in 2013 from the West Coast Office portfolio (\$18.7 million), which interests were sold in March 2014, a debt and preferred equity investment that was originated in the first quarter of 2014 (\$6.9 million), which has been accounted for as an equity investment, and the commencement of leases following the completion of redevelopment in June 2013 at 180 Broadway (\$1.3 million), which interests were sold in September 2014. This increase was partially offset by lower net income contributions from 388-390 Greenwich Street (\$13.5 million) as a result of our acquisition of our joint venture partner's interest in May 2014 and the early redemption of our preferred equity investment in Herald Center (\$3.9 million) in December 2013.

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Occupancy at our unconsolidated Manhattan office properties was 94.0% at December 31, 2014 and 90.7% at December 31, 2013. Occupancy at our unconsolidated Suburban office properties was 88.6% at December 31, 2014 and 87.2% at December 31, 2013. At December 31, 2014, 9.0% and 6.9% of the space leased at our unconsolidated Manhattan and Suburban operating properties, respectively, are expected to expire in 2015. At December 31, 2014, we estimate that current market asking rents on these expected 2015 lease expirations at our unconsolidated Manhattan and Suburban office properties are 14.1% higher and 2.1% lower, respectively, than then existing in-place fully escalated rents.

Equity in Net Gain on Sale of Interest in Unconsolidated Joint Ventures

During the year ended December 31, 2014, we recognized gains on the sale of a portfolio of offices properties primarily in Southern California, or the "West Coast Office portfolio" (\$85.6 million), the sale of partnership interests in 21 West 34th Street (\$20.9 million), the sale of the joint venture property at 180 Broadway (\$16.5 million) and the sale of condominium units at 248 Bedford Avenue, Brooklyn (\$1.5 million). During the year ended December 31, 2013, we recognized gains on the sale of our partnership interest in 27-29 West 34th Street (\$7.6 million) and from the sale of three properties in the West Coast Office portfolio (\$2.1 million).

Purchase Price Fair Value Adjustment

The purchase price fair value adjustment we recognized for the year ended December 31, 2014 was attributable to the acquisition of our joint venture partner's interest in 388-390 Greenwich Street (\$71.4 million), offset by the purchase price adjustment we recognized on the acquisition of the ground tenancy position at 752 Madison Avenue (\$4.0 million). The purchase price fair value adjustment we recognized for the year ended December 31, 2013 was attributable to the acquisition of 16 Court Street, Brooklyn (\$2.3 million).

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt for the year ended December 31, 2014 was primarily attributable to the refinancing of the mortgage at 420 Lexington Avenue (\$24.5 million) and early repayment of the mortgage at 625 Madison Avenue (\$6.9 million). Loss on early extinguishment of debt for the year ended December 31, 2013 was attributable to the refinancing of the mortgage at 1515 Broadway.

Discontinued Operations

Discontinued operations for the year ended December 31, 2014 includes the gains recognized on the sale of 673 First Avenue (\$117.6 million), 985-987 Third Avenue (\$29.8 million), and 2 Herald Square (\$18.8 million), and the results of operations of these properties and other properties that were held for sale or sold as of December 31, 2014.

Discontinued operations for the year ended December 31, 2013 includes the gains recognized on the sale of 333 West 34th (\$13.8 million) and 44 West 55th Street (\$1.1 million). Prior period's results of operations of these held for sale or sold properties were included in the net income from discontinued operations to conform to the current presentation.

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Reconciliation of Same-Store Operating Income to Net Operating Income

We present Same-Store net operating income, or Same-Store NOI, because we believe that this measure provides investors with useful information regarding the operating performance of properties that are comparable for the years presented. We determine Same-Store net operating income by subtracting Same-Store property operating expenses and ground rent from Same-Store rental revenues and other income. Our method of calculation may be different from methods used by other REITs, and, accordingly, may not be comparable to such other REITs. None of these measures is an alternative to net income (determined in accordance with GAAP) and Same-Store performance should not be considered an alternative to GAAP net income performance.

Comparison of the year ended December 31, 2015 to the year ended December 31, 2014

For properties owned since January 1, 2014 and still owned and operated at December 31, 2015, Same-Store NOI is determined as follows (in millions):

	2015	2014	\$ Change	% Change	
Rental revenues	\$1,185.6	\$1,140.5	\$45.1	4.0	%
Other income	22.8	4.8	18.0	375.0	%
Total revenues	1,208.4	1,145.3	63.1	5.5	%
Property operating expenses	518.0	489.0	29.0	5.9	%
Operating income	690.4	656.3	34.1	5.2	%
Less: Non-building NOI	1.3	1.1	0.2	18.2	%
Same-Store NOI	\$689.1	\$655.2	\$33.9	5.2	%

Comparison of the year ended December 31, 2014 to the year ended December 31, 2013

For properties owned since January 1, 2013 and still owned and operated at December 31, 2014, Same-Store NOI is determined as follows (in millions):

	2014	2013	\$ Change	% Change	
Rental revenues	\$1,136.6	\$1,103.9	\$32.7	3.0	%
Other income	5.1	5.7	(0.6)	(10.5))%
Total revenues	1,141.7	1,109.6	32.1	2.9	%
Property operating expenses	483.0	472.3	10.7	2.3	%
Operating income	658.7	637.3	21.4	3.4	%
Less: Non-building revenue	1.0	1.7	(0.7)	(41.2))%
Same-Store NOI	\$657.7	\$635.6	\$22.1	3.5	%

Liquidity and Capital Resources

We currently expect that our principal sources of funds to meet our short-term and long-term liquidity requirements for working capital, acquisitions, development or redevelopment of properties, tenant improvements, leasing costs, repurchases or repayments of outstanding indebtedness (which may include exchangeable debt) and for debt and preferred equity investments will include:

- (1) Cash flow from operations;
 - (2) Cash on hand;
 - (3) Borrowings under the 2012 credit facility;
 - (4) Other forms of secured or unsecured financing;
 - (5) Net proceeds from divestitures of properties and redemptions, participations and dispositions of debt and preferred equity investments; and
- Proceeds from common or preferred equity or debt offerings by the Company, the Operating Partnership (including
- (6) issuances of units of limited partnership interest in the Operating Partnership and Trust preferred securities) or ROP.

Cash flow from operations is primarily dependent upon the occupancy level of our portfolio, the net effective rental rates achieved on our leases, the collectability of rent, operating escalations and recoveries from our tenants and the level of operating

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and other costs. Additionally, we believe that our debt and preferred equity investment program will continue to serve as a source of operating cash flow.

The combined aggregate principal maturities of our property mortgages and other loans payable, corporate obligations and our share of joint venture debt, including as-of-right extension options, as of December 31, 2015 are as follows (in thousands):

	2016	2017	2018	2019	2020	Thereafter	Total
Property mortgages and other loans	\$ 197,080	\$ 935,377	\$ 83,987	\$ 98,726	\$ 732,330	\$ 4,720,578	\$ 6,768,078
MRA and FHLB facilities	299,174	—	—	—	—	—	299,174
Corporate obligations	255,308	355,008	250,000	933,000	1,244,000	400,000	3,437,316
Joint venture debt-our share	529,646	615,085	2,195	104,687	30,298	451,544	1,733,455
Total	\$ 1,281,208	\$ 1,905,470	\$ 336,182	\$ 1,136,413	\$ 2,006,628	\$ 5,572,122	\$ 12,238,023

As of December 31, 2015, we had \$300.5 million of consolidated cash on hand, inclusive of \$45.1 million of marketable securities. We expect to generate positive cash flow from operations for the foreseeable future. We may seek to divest of properties or interests in properties or access private and public debt and equity capital when the opportunity presents itself, although there is no guarantee that this capital will be made available to us at efficient levels or at all. Management believes that these sources of liquidity, if we are able to access them, along with potential refinancing opportunities for secured debt, will allow us to satisfy our debt obligations, as described above, upon maturity, if not before.

We also have investments in several real estate joint ventures with various partners who we consider to be financially stable and who have the ability to fund a capital call when needed. Most of our joint ventures are financed with non-recourse debt. We believe that property level cash flows along with unfunded committed indebtedness and proceeds from the refinancing of outstanding secured indebtedness will be sufficient to fund the capital needs of our joint venture properties.

Cash Flows

The following summary discussion of our cash flows is based on our consolidated statements of cash flows in "Item 1. Financial Statements" and is not meant to be an all-inclusive discussion of the changes in our cash flows for the years presented below.

Cash and cash equivalents were \$255.4 million and \$281.4 million at December 31, 2015 and 2014, respectively, representing a decrease of \$26.0 million. The decrease was a result of the following changes in cash flows (in thousands):

	Year Ended December 31,		Increase (Decrease)
	2015	2014	
Net cash provided by operating activities	\$526,484	\$490,381	\$36,103
Net cash used in investing activities	\$(2,265,911)	\$(796,835)	\$(1,469,076)
Net cash provided by financing activities	\$1,713,417	\$381,171	\$1,332,246

Our principal source of operating cash flow is related to the leasing and operating of the properties in our portfolio. Our properties provide a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, debt service and fund quarterly dividend and distribution requirements. At December 31, 2015, our Manhattan and Suburban consolidated office portfolios were 94.1% and 80.6% occupied, respectively. Our debt and preferred equity and joint venture investments also provide a steady stream of operating cash flow to us.

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Cash is used in investing activities to fund acquisitions, development or redevelopment projects and recurring and nonrecurring capital expenditures. We selectively invest in new projects that enable us to take advantage of our development, leasing, financing and property management skills and invest in existing buildings that meet our investment criteria. During the year ended December 31, 2015, when compared to the year ended December 31, 2014, we used cash primarily for the following investing activities (in thousands):

Acquisitions of real estate	\$(1,613,781)
Capital expenditures and capitalized interest	(36,555)
Escrow cash-capital improvements/acquisition deposits/deferred purchase price	(92,539)
Joint venture investments	220,298
Distributions from joint ventures	(137,542)
Proceeds from sales of real estate/partial interest in property	396,186
Debt and preferred equity and other investments	(205,143)
Increase in net cash used in investing activities	\$(1,469,076)

Funds spent on capital expenditures, which comprise building and tenant improvements, decreased from \$369.9 million for the year ended December 31, 2014 to \$406.4 million for the year ended December 31, 2015. The decrease in capital expenditures relates primarily to increased costs incurred in connection with the redevelopment of properties.

We generally fund our investment activity through the sale of real estate, property-level financing, our 2012 credit facility, our MRA facility, senior unsecured notes, convertible or exchangeable securities, construction loans and from time to time, Company issued common or preferred stock, or the Operating Partnership may issue common or preferred units of limited partnership interest. During the year ended December 31, 2015, when compared to the year ended December 31, 2014, we used cash for the following financing activities (in thousands):

Proceeds from our debt obligations	\$304,690
Repayments under our debt obligations	1,151,494
Net distribution to noncontrolling interests	(132,627)
Other financing activities	27,211
Proceeds from stock options exercised and DRSP issuance	90,642
Proceeds from issuance of common stock	(60,560)
Redemption of preferred unit	1,800
Dividends and distributions paid	(50,404)
Increase in net cash provided by financing activities	\$1,332,246

Capitalization

Our authorized capital stock consists of 260,000,000 shares, \$0.01 par value per share, consisting of 160,000,000 shares of common stock, \$0.01 par value per share, 75,000,000 shares of excess stock, at \$0.01 par value per share, and 25,000,000 shares of preferred stock, par value \$0.01 per share. As of December 31, 2015, 99,975,238 shares of common stock and no shares of excess stock were issued and outstanding.

As of December 31, 2015 SL Green had 9,200,000 shares of our 6.50% Series I Cumulative Redeemable Preferred Stock, or Series I Preferred Stock, outstanding. In addition, persons other than the Company held Preferred Units of limited partnership interests in the Operating Partnership having an aggregate liquidation preference of \$282.5 million.

At-The-Market Equity Offering Program

In July 2011, the Company, along with the Operating Partnership, entered into an "at-the-market" equity offering program, or ATM Program, to sell an aggregate of \$250.0 million of SL Green's common stock. During the year ended December 31, 2014, we sold 25,659 shares of our common stock out of the remaining balance of the ATM Program for aggregate net proceeds of \$2.8 million. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 25,659 units of limited partnership interest of the Operating Partnership. In June 2014, the Company, along with the Operating Partnership, entered into an "at-the-market" equity offering program, or ATM Program, to sell an aggregate of \$300.0 million of SL Green's common stock. During the year

ended December 31, 2014, we sold 1,626,999 shares of our common stock for aggregate net proceeds of \$182.9 million. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 1,626,999 units of limited partnership interest of the Operating

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Partnership. During the three months ended March 31, 2015, we sold 895,956 shares of our common stock for aggregate net proceeds of \$113.4 million comprising the remaining balance of this ATM Program. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 895,956 units of limited partnership interest of the Operating Partnership.

In March 2015, the Company, along with the Operating Partnership, entered into a new ATM Program to sell an aggregate of \$300.0 million of SL Green's common stock. During the year ended December 31, 2015, we sold 91,180 shares of our common stock for aggregate net proceeds of \$12.0 million. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 91,180 units of limited partnership interest of the Operating Partnership. As of December 31, 2015, \$288.0 million remained available for issuance of common stock under the new ATM program.

Dividend Reinvestment and Stock Purchase Plan

In February 2015, the Company filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan, or DRSP, which automatically became effective upon filing. The Company registered 3,500,000 shares of SL Green's common stock under the DRSP. The DRSP commenced on September 24, 2001.

The following table summarizes SL Green common stock issued, and proceeds received from dividend reinvestments and/or stock purchases under the DRSP for the year ended December 31, 2015, 2014, and 2013, respectively (dollars in thousands):

	Year Ended December 31,		
	2015	2014	2013
Shares of common stock issued	775,760	608	761
Dividend reinvestments/stock purchases under the DRSP	\$99,555	\$64	\$67

Third Amended and Restated 2005 Stock Option and Incentive Plan

The Third Amended and Restated 2005 Stock Option and Incentive Plan, or the 2005 Plan, was approved by the Company's board of directors in April 2013 and its stockholders in June 2013 at the Company's annual meeting of stockholders. Subject to adjustments upon certain corporate transactions or events, awards with respect to up to a maximum of 17,130,000 fungible units may be granted as options, restricted stock, phantom shares, dividend equivalent rights and other equity-based awards under the 2005 Plan. As of December 31, 2015, 1.1 million fungible units were available for issuance under the 2005 Plan after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units, including, among others, outstanding LTIP Units issued under our 2011 Long-Term Outperformance Plan.

2010 Notional Unit Long-Term Compensation Plan

In December 2009, the compensation committee of the Company's board of directors approved the general terms of the SL Green Realty Corp. 2010 Notional Unit Long-Term Compensation Program, or the 2010 Long-Term Compensation Plan. The 2010 Long-Term Compensation Plan is a long-term incentive compensation plan pursuant to which award recipients could earn, in the aggregate, from \$15.0 million up to \$75.0 million of LTIP Units in the Operating Partnership based on the Company's stock price appreciation over three years beginning on December 1, 2009; provided that, if maximum performance had been achieved, \$25.0 million of awards could be earned at any time after the beginning of the second year and an additional \$25.0 million of awards could be earned at any time after the beginning of the third year. In order to achieve maximum performance under the 2010 Long-Term Compensation Plan, the Company's aggregate stock price appreciation during the performance period had to equal or exceed 50%. The compensation committee determined that maximum performance had been achieved at or shortly after the beginning of each of the second and third years of the performance period and for the full performance period and, accordingly, 385,583 LTIP Units, 327,416 LTIP Units and 327,416 LTIP Units were earned under the 2010 Long-Term Compensation Plan in December 2010, 2011 and 2012, respectively. Substantially in accordance with the original terms of the program, 50% of these LTIP Units vested on December 17, 2012 (accelerated from the original January 1, 2013 vesting date), 25% of these LTIP Units vested on December 11, 2013 (accelerated from the original January 1, 2014 vesting date) and the remainder vested on January 1, 2015 based on continued employment. In accordance with the terms of the 2010 Long-Term Compensation Plan, distributions were not paid on any LTIP Units

until they were earned, at which time we paid all distributions that would have been paid on the earned LTIP Units since the beginning of the performance period.

The cost of the 2010 Long-Term Compensation Plan (\$31.7 million, subject to forfeitures) was amortized into earnings through the final vesting period of January 1, 2015. We recorded compensation expense of \$2.7 million and \$4.5 million during the years ended December 31, 2014 and 2013, respectively, related to the 2010 Long-Term Compensation Plan.

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2011 Outperformance Plan

In August 2011, the compensation committee of the Company's board of directors approved the general terms of the SL Green Realty Corp. 2011 Outperformance Plan, or the 2011 Outperformance Plan. Participants in the 2011 Outperformance Plan could earn, in the aggregate, up to \$85.0 million of LTIP Units in the Operating Partnership based on our total return to stockholders for the three-year period beginning September 1, 2011. Under the 2011 Outperformance Plan, participants were entitled to share in a "performance pool" comprised of LTIP Units with a value equal to 10% of the amount by which our total return to stockholders during the three-year period exceeded a cumulative total return to stockholders of 25%, subject to the maximum of \$85.0 million of LTIP Units; provided that if maximum performance was achieved, one-third of each award could be earned at any time after the beginning of the second year and an additional one-third of each award could be earned at any time after the beginning of the third year. LTIP Units earned under the 2011 Outperformance Plan are subject to continued vesting requirements, with 50% of any awards earned vested on August 31, 2014 and the remaining 50% vesting on August 31, 2015, subject to continued employment with us through such dates. Participants were not entitled to distributions with respect to LTIP Units granted under the 2011 Outperformance Plan unless and until they were earned. For LTIP Units that were earned, each participant was also entitled to the distributions that would have been paid had the number of earned LTIP Units been issued at the beginning of the performance period, with such distributions being paid in the form of additional LTIP Units. Thereafter, distributions are to be paid currently with respect to all earned LTIP Units, whether vested or unvested. In June 2014, the compensation committee determined that maximum performance had been achieved during the third year of the performance period and, accordingly, 560,908 LTIP Units, representing two-thirds of each award, were earned, subject to vesting, under the 2011 Outperformance Plan. In September 2014, the compensation committee determined that maximum performance had been achieved for the full three-year performance period and, accordingly, 280,454 LTIP units, representing the final third of each award, were earned, subject to vesting, under the 2011 Outperformance Plan.

The cost of the 2011 Outperformance Plan (\$26.7 million, subject to forfeitures) was amortized into earnings through the final vesting period. We recorded compensation expense of \$4.5 million, \$8.6 million and \$8.0 million during the years ended December 31, 2015, 2014, and 2013, respectively, related to the 2011 Outperformance Plan.

2014 Outperformance Plan

In August 2014, the compensation committee of the Company's board of directors approved the general terms of the SL Green Realty Corp. 2014 Outperformance Plan, or the 2014 Outperformance Plan. Participants in the 2014 Outperformance Plan may earn, in the aggregate, up to 610,000 LTIP Units in our Operating Partnership based on our total return to stockholders for the three-year period beginning September 1, 2014. For each individual award, two-thirds of the LTIP Units may be earned based on the Company's absolute total return to stockholders and one-third of the LTIP Units may be earned based on relative total return to stockholders compared to the constituents of the MSCI REIT Index. Awards earned based on absolute total return to stockholders will be determined independently of awards earned based on relative total return to stockholders. In the event the Company's performance reaches either threshold before the end of the three-year performance period, a pro-rata portion of the maximum award may be earned. For each component, if the Company's performance reaches the maximum threshold beginning with the 19th month of the performance period, participants will earn one-third of the maximum award that may be earned for that component. If the Company's performance reaches the maximum threshold during the third year of the performance period for a component, participants will earn two-thirds (or an additional one-third) of the maximum award that may be earned for that component. LTIP Units earned under the 2014 Outperformance Plan will be subject to continued vesting requirements, with 50% of any awards earned vesting on August 31, 2017 and the remaining 50% vesting on August 31, 2018, subject to continued employment with us through such dates. Participants will not be entitled to distributions with respect to LTIP Units granted under the 2014 Outperformance Plan unless and until they are earned. If LTIP Units are earned, each participant will also be entitled to the distributions that would have been paid had the number of earned LTIP Units been issued at the beginning of the performance period, with such distributions being paid in the form of cash or additional LTIP Units. Thereafter, distributions will be paid currently with respect to all earned LTIP Units, whether vested or unvested.

The cost of the 2014 Outperformance Plan (\$27.9 million, subject to forfeitures), based on the portion of the 2014 Outperformance Plan granted as of December 31, 2015, will be amortized into earnings through the final vesting period. We recorded compensation expense of \$5.9 million and \$0.2 million during the years ended December 31, 2015 and 2014, respectively, related to the 2014 Outperformance Plan.

Deferred Compensation Plan for Directors

Under our Non-Employee Director's Deferral Program, which commenced July 2004, the Company's non-employee directors may elect to defer up to 100% of their annual retainer fee, chairman fees, meeting fees and annual stock grant. Unless otherwise elected by a participant, fees deferred under the program shall be credited in the form of phantom stock units. The program provides that a director's phantom stock units generally will be settled in an equal number of shares of common stock upon the earlier of (i) the January 1 coincident with or the next following such director's termination of service from the Board of Directors or (ii) a change in control by us, as defined by the program. Phantom stock units are credited to each non-employee director quarterly

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using the closing price of SL Green's common stock on the first business day of the respective quarter. Each participating non-employee director is also credited with dividend equivalents or phantom stock units based on the dividend rate for each quarter, which are either paid in cash currently or credited to the director's account as additional phantom stock units.

During the year ended December 31, 2015, 9,353 phantom stock units were earned and 5,928 shares of common stock were issued to our board of directors. We recorded compensation expense of \$1.9 million during the year ended December 31, 2015 related to the Deferred Compensation Plan. As of December 31, 2015, there were 80,768 phantom stock units outstanding pursuant to our Non-Employee Director's Deferral Program.

Employee Stock Purchase Plan

In 2007, the Company's board of directors adopted the 2008 Employee Stock Purchase Plan, or ESPP, to encourage our employees to increase their efforts to make our business more successful by providing equity-based incentives to eligible employees. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code, and has been adopted by the board to enable our eligible employees to purchase the Company's shares of common stock through payroll deductions. The ESPP became effective on January 1, 2008 with a maximum of 500,000 shares of the common stock available for issuance, subject to adjustment upon a merger, reorganization, stock split or other similar corporate change. The Company filed a registration statement on Form S-8 with the SEC with respect to the ESPP. The common stock is offered for purchase through a series of successive offering periods. Each offering period will be three months in duration and will begin on the first day of each calendar quarter, with the first offering period having commenced on January 1, 2008. The ESPP provides for eligible employees to purchase the common stock at a purchase price equal to 85% of the lesser of (1) the market value of the common stock on the first day of the offering period or (2) the market value of the common stock on the last day of the offering period. The ESPP was approved by our stockholders at our 2008 annual meeting of stockholders. As of December 31, 2015, 87,273 shares of SL Green's common stock had been issued under the ESPP.

Market Capitalization

At December 31, 2015, borrowings under our mortgages and other loans payable, 2012 credit facility, senior unsecured notes, trust preferred securities and our share of joint venture debt represented 49.8% of our combined market capitalization of \$24.4 billion (based on a common stock price of \$112.98 per share, the closing price of SL Green's common stock on the NYSE on December 31, 2015). Market capitalization includes our consolidated debt, common and preferred stock and the conversion of all units of limited partnership interest in the Operating Partnership, and our share of joint venture debt.

Indebtedness

The table below summarizes our consolidated mortgages and other loans payable, 2012 credit facility, senior unsecured notes and trust preferred securities outstanding at December 31, 2015 and 2014, (amounts in thousands).

Debt Summary:	December 31,		
	2015	2014	
Balance			
Fixed rate	\$6,190,382	\$5,098,741	
Variable rate—hedged	1,041,872	1,042,045	
Total fixed rate	7,232,254	6,140,786	
Variable rate ⁽¹⁾	2,023,719	1,572,124	
Variable rate—supporting variable rate assets	1,178,775	719,819	
Total variable rate	3,202,494	2,291,943	
Total	\$10,434,748	\$8,432,729	
Percent of Total Debt:			
Fixed rate	69.3	% 72.8	%
Variable rate	30.7	% 27.2	%
Total	100.0	% 100.0	%
Effective Interest Rate for the Year:			

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Fixed rate	4.63	%	4.97	%
Variable rate	1.74	%	1.90	%
Effective interest rate	3.78	%	4.24	%

(1) At December 31, 2014, the variable rate balance included the mortgage at 180 Maiden Lane, which was included in liabilities related to assets held for sale.

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The variable rate debt shown above generally bears interest at an interest rate based on 30-day LIBOR (0.43% and 0.17% at December 31, 2015 and 2014, respectively). Our consolidated debt at December 31, 2015 had a weighted average term to maturity of 5.53 years.

Certain of our debt and equity investments and other investments, with a carrying value of \$1.2 billion at December 31, 2015, are variable rate investments which mitigate our exposure to interest rate changes on our unhedged variable rate debt.

Mortgage Financing

As of December 31, 2015, our total mortgage debt (excluding our share of joint venture mortgage debt of \$1.7 billion) consisted of \$5.8 billion of fixed rate debt, including swapped variable rate debt, with an effective weighted average interest rate of 4.36% and \$1.2 billion of variable rate debt with an effective weighted average interest rate of 2.22%.

Corporate Indebtedness

2012 Credit Facility

In July 2015, we entered into the third amendment to the credit facility that was originally entered into by the Company in November 2012, referred to as the 2012 credit facility, which increased our unsecured corporate facility by \$500.0 million. The revolving credit facility was increased by \$400.0 million to \$1.6 billion and the term loan portion of the facility was increased by \$100.0 million to \$933.0 million.

In January 2015, we amended the 2012 credit facility by entering into a second amended and restated credit agreement, which decreased the interest-rate margin and facility fee applicable to the revolving credit facility by 20 basis points and five basis points, respectively, and extended the maturity date of the revolving credit facility to March 29, 2019 with an as-of-right extension through March 29, 2020.

In November 2014, we increased the term loan portion of the facility by \$50.0 million to \$833.0 million.

In March 2014, we entered into an amendment to the 2012 credit facility, which among other things, increased the term loan portion of the facility by \$383.0 million to \$783.0 million, decreased the interest-rate margin applicable to the term loan portion of the facility by 25 basis points and extended the maturity of the term loan portion of the facility from March 30, 2018 to June 30, 2019.

As of December 31, 2015, the 2012 credit facility, as amended, consisted of a \$1.6 billion revolving credit facility and a \$933.0 million term loan. We also have an option, subject to customary conditions, to increase the capacity under the revolving credit facility to \$3.0 billion at any time prior to the maturity date for the revolving credit facility without the consent of existing lenders, by obtaining additional commitments from our existing lenders and other financial institutions.

As of December 31, 2015, the 2012 credit facility bore interest at a spread over LIBOR ranging from (i) 87.5 basis points to 155 basis points for loans under the revolving credit facility and (ii) 95 basis points to 190 basis points for loans under the term loan facility, in each case based on the credit rating assigned to the senior unsecured long term indebtedness of ROP. At December 31, 2015, the applicable spread was 125 basis points for revolving credit facility and 140 basis points for the term loan facility. At December 31, 2015, the effective interest rate was 1.45% for the revolving credit facility and 1.67% for the term loan facility. We are required to pay quarterly in arrears a 12.5 to 30 basis point facility fee on the total commitments under the revolving credit facility based on the credit rating assigned to the senior unsecured long term indebtedness of ROP. As of December 31, 2015, the facility fee was 25 basis points. As of December 31, 2015, we had \$73.1 million of outstanding letters of credit, \$994.0 million drawn under the revolving credit facility and \$933.0 million outstanding under the term loan facility, with total undrawn capacity of \$532.9 million under the 2012 credit facility.

The Company, the Operating Partnership and ROP are all borrowers jointly and severally obligated under the 2012 credit facility. None of our other subsidiaries are obligors under the 2012 credit facility.

The 2012 credit facility includes certain restrictions and covenants (see Restrictive Covenants below).

Federal Home Loan Bank of New York Facility

During year ended December 31, 2015, the Company's wholly-owned subsidiary, Belmont Insurance Company, or Belmont, a New York licensed captive insurance company, became a member of the Federal Home Loan Bank of

New York, or FHLBNY. As a member, Belmont may borrow funds from the FHLBNY in the form of secured advances. As of December 31, 2015, we had \$45.8 million in outstanding secured advances with a weighted average borrowing rate of 0.55%.

On January 12, 2016, the Federal Housing Finance Agency, or FHFA, adopted a final regulation on Federal Home Loan Bank, or FHLB, membership. The rule excludes captive insurance entities from FHLB membership on a going-forward basis and provides termination rules for current captive insurance members. Unless the final rule is modified, Belmont's membership will terminate on February 19, 2017.

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Master Repurchase Agreement

The Master Repurchase Agreement, as amended in December 2013, or MRA, provides us with the ability to sell certain debt investments with a simultaneous agreement to repurchase the same at a certain date or on demand. This MRA has a maximum facility capacity of \$300.0 million and bears interest ranging from 250 and 325 basis points over 30-day LIBOR depending on the pledged collateral. In September 30, 2015 we entered into an amendment to the MRA to extend the maturity to June 29, 2016. Further, as of December 6, 2015 we are now required to pay monthly in arrears a 25 basis point fee on the excess of \$150.0 million over the average daily balance during the period if the average daily balance is less than \$150.0 million. At December 31, 2015, we had \$253.4 million outstanding under this MRA included in mortgages and other loans payable on the consolidated balance sheets.

Senior Unsecured Notes

The following table sets forth our senior unsecured notes and other related disclosures as of December 31, 2015 and 2014, respectively, by scheduled maturity date (dollars in thousands):

Issuance	December 31, 2015 Unpaid Principal Balance	December 31, 2015 Accreted Balance	December 31, 2014 Accreted Balance	Coupon Rate ⁽¹⁾	Effective Rate	Term (in Years)	Maturity Date
March 31, 2006 ⁽²⁾⁽³⁾	\$255,308	\$255,296	\$255,250	6.00	% 6.00	% 10	March 31, 2016
October 12, 2010 ⁽⁴⁾	345,000	321,130	309,069	3.00	% 3.00	% 7	October 15, 2017
August 5, 2011 ⁽⁵⁾	250,000	249,810	249,744	5.00	% 5.00	% 7	August 15, 2018
March 16, 2010 ⁽⁵⁾	250,000	250,000	250,000	7.75	% 7.75	% 10	March 15, 2020
November 15, 2012 ⁽⁵⁾	200,000	200,000	200,000	4.50	% 4.50	% 10	December 1, 2022
December 17, 2015 ⁽⁵⁾	100,000	100,000	—	4.27	% 4.27	% 10	December 17, 2025
March 26, 2007 ⁽⁶⁾	10,008	10,008	10,008	3.00	% 3.00	% 20	March 30, 2027
June 27, 2005 ⁽²⁾⁽⁷⁾	—	—	7				
	\$1,410,316	\$1,386,244	\$1,274,078				

(1) Interest on the senior unsecured notes is payable semi-annually with principal and unpaid interest due on the scheduled maturity dates.

(2) Issued by ROP.

(3) The notes will be repaid at maturity.

(4) Issued by the Operating Partnership. Interest on these exchangeable notes is payable semi-annually on April 15 and October 15. The notes had an initial exchange rate representing an exchange price that was set at a 30.0% premium to the last reported sale price of SL Green's common stock on October 6, 2010, or \$85.81. The initial exchange rate is subject to adjustment under certain circumstances. The current exchange rate is 12.3416 shares of SL Green's common stock per \$1,000 principal amount of these notes. The notes are senior unsecured obligations of the Operating Partnership and are exchangeable upon the occurrence of specified events and during the period beginning on the twenty-second scheduled trading day prior to the maturity date and ending on the second business day prior to the maturity date, into cash or a combination of cash and shares of SL Green's common stock, if any, at our option. As a result of meeting specified events (as defined in the Indenture Agreement), these notes became

exchangeable commencing January 1, 2016 and will remain exchangeable through March 31, 2016. The notes are guaranteed by ROP. On the issuance date, \$78.3 million of the debt balance was recorded in equity. As of December 31, 2015, \$23.9 million remained to be amortized into the debt balance.

(5) Issued by the Company, the Operating Partnership and ROP, as co-obligors.

Issued by the Operating Partnership. Interest on these remaining exchangeable notes is payable semi-annually on March 30 and September 30. The notes have an initial exchange rate representing an exchange price that was set at a 25.0% premium to the last reported sale price of the Company's common stock on March 20, 2007, or \$173.30. The initial exchange rate is subject to adjustment under certain circumstances. The current exchange rate is 5.7952 shares of SL Green's common stock per \$1,000 principal amount of these notes. The notes are senior unsecured

(6) obligations of the Operating Partnership and are exchangeable upon the occurrence of specified events and during the period beginning on the twenty-second scheduled trading day prior to the maturity date and ending on the second business day prior to the maturity date, into cash or a combination of cash and shares of SL Green's common stock, if any, at our option. The notes are currently redeemable at the Operating Partnership's option. The Operating Partnership may be required to repurchase the notes on March 30, 2017 and 2022, and upon the occurrence of certain designated events.

(7) In April 2015, we redeemed the remaining outstanding debentures.

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Restrictive Covenants

The terms of the 2012 credit facility, as amended, and certain of our senior unsecured notes include certain restrictions and covenants which may limit, among other things, our ability to pay dividends, make certain types of investments, incur additional indebtedness, incur liens and enter into negative pledge agreements and dispose of assets, and which require compliance with financial ratios relating to the maximum ratio of total indebtedness to total asset value, a minimum ratio of EBITDA to fixed charges, a maximum ratio of secured indebtedness to total asset value and a maximum ratio of unsecured indebtedness to unencumbered asset value. The dividend restriction referred to above provides that, we will not during any time when a default is continuing, make distributions with respect to common stock or other equity interests, except to enable the Company to continue to qualify as a REIT for Federal income tax purposes. As of December 31, 2015 and 2014, we were in compliance with all such covenants.

Junior Subordinated Deferrable Interest Debentures

In June 2005, the Company and the Operating Partnership issued \$100.0 million in unsecured trust preferred securities through a newly formed trust, SL Green Capital Trust I, or the Trust, which is a wholly-owned subsidiary of the Operating Partnership. The securities mature in 2035 and bear interest at a fixed rate of 5.61% for the first ten years ending July 2015. Thereafter, the interest rate will float at 125 basis points over the three-month LIBOR. Interest payments may be deferred for a period of up to eight consecutive quarters if the Operating Partnership exercises its right to defer such payments. The Trust preferred securities are redeemable at the option of the Operating Partnership, in whole or in part, with no prepayment premium. We do not consolidate the Trust even though it is a variable interest entity as we are not the primary beneficiary. Because the Trust is not consolidated, we have recorded the debt on our consolidated balance sheets and the related payments are classified as interest expense.

Interest Rate Risk

We are exposed to changes in interest rates primarily from our variable rate debt. Our exposure to interest rate changes are managed through either the use of interest rate derivatives instruments and/or through our variable rate debt and preferred equity investments. A hypothetical 100 basis point increase in interest rates along the entire interest rate curve for 2015 would increase our annual interest cost, net of interest income from variable rate debt and preferred equity investments, by \$19.5 million and would increase our share of joint venture annual interest cost by \$6.5 million. This risk is partially mitigated by our floating rate debt investments. At December 31, 2015, 68.2% of our \$1.7 billion debt and preferred equity portfolio is indexed to LIBOR.

We recognize most derivatives on the balance sheet at fair value. Derivatives that are not hedges are adjusted to fair value through income. If a derivative is considered a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings.

Our long-term debt of \$7.2 billion bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. Our variable rate debt and variable rate joint venture debt as of December 31, 2015 bore interest based on a spread of LIBOR plus 90 basis points to LIBOR plus 935 basis points.

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Contractual Obligations

The combined aggregate principal maturities of mortgages and other loans payable, the 2012 credit facility, senior unsecured notes (net of discount), trust preferred securities, our share of joint venture debt, including as-of-right extension options and put options, estimated interest expense, and our obligations under our capital lease and ground leases, as of December 31, 2015 are as follows (in thousands):

	2016	2017	2018	2019	2020	Thereafter	Total
Property mortgages and other loans	\$ 197,080	\$ 935,377	\$ 83,987	\$ 98,726	\$ 732,330	\$ 4,720,578	\$ 6,768,078
Revolving credit facility	—	—	—	—	994,000	—	994,000
Unsecured term loan	—	—	—	933,000	—	—	933,000
Senior unsecured notes	255,308	355,008	250,000	—	250,000	300,000	1,410,316
Trust preferred securities	—	—	—	—	—	100,000	100,000
Capital lease	2,266	2,387	2,387	2,411	2,620	825,483	837,554
Ground leases	30,816	31,049	31,049	31,066	31,436	764,352	919,768
Estimated interest expense	377,930	332,918	279,375	227,579	175,302	608,977	2,002,081
Joint venture debt	529,646	615,085	2,195	104,687	30,298	451,544	1,733,455
Total	\$ 1,393,046	\$ 2,271,824	\$ 648,993	\$ 1,397,469	\$ 2,215,986	\$ 7,770,934	\$ 15,698,252

Off-Balance Sheet Arrangements

We have off-balance sheet investments, including joint ventures and debt and preferred equity investments. These investments all have varying ownership structures. Substantially all of our joint venture arrangements are accounted for under the equity method of accounting as we have the ability to exercise significant influence, but not control, over the operating and financial decisions of these joint venture arrangements. Our off-balance sheet arrangements are discussed in Note 5, "Debt and Preferred Equity Investments" and Note 6, "Investments in Unconsolidated Joint Ventures" in the accompanying consolidated financial statements.

Capital Expenditures

We estimate that for the year ending December 31, 2016, we expect to incur \$215.4 million of recurring capital expenditures and \$280.9 million of development or redevelopment expenditures, net of loan reserves, (including tenant improvements and leasing commissions) on existing consolidated properties, and our share of capital expenditures at our joint venture properties, net of loan reserves, will be \$82.9 million. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs. We expect to fund these capital expenditures with operating cash flow, existing liquidity, or incremental borrowings. We expect our capital needs over the next twelve months and thereafter will be met through a combination of cash on hand, net cash provided by operations, potential asset sales, borrowings or additional equity or debt issuances.

Dividends/Distributions

We expect to pay dividends to our stockholders based on the distributions we receive from our Operating Partnership primarily from property revenues net of operating expenses or, if necessary, from working capital.

To maintain our qualification as a REIT, we must pay annual dividends to our stockholders of at least 90% of our REIT taxable income, determined before taking into consideration the dividends paid deduction and net capital gains. We intend to continue to pay regular quarterly dividends to our stockholders. Based on our current annual dividend rate of \$2.88 per share, we would pay \$288.2 million in dividends to SL Green's common stockholders on an annual basis. Before we pay any dividend, whether for Federal income tax purposes or otherwise, which would only be paid

out of available cash to the extent permitted under the 2012 credit facility and senior unsecured notes, we must first meet both our operating requirements and scheduled debt service on our mortgages and loans payable.

Related Party Transactions

Cleaning/ Security/ Messenger and Restoration Services

Through Alliance Building Services, or Alliance, First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services, Classic Security LLC provides security services, Bright Star Couriers LLC provides messenger services, and Onyx Restoration Works provides restoration services with respect to certain properties owned by us. Alliance is partially owned by Gary Green, a son of Stephen L. Green, the chairman of SL Green's board of directors. In addition, First Quality

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has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. The Service Corporation has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to certain tenants at certain buildings above the base services specified in their lease agreements. Income earned from profit participation, which is included in other income on the consolidated statements of operations, was \$3.8 million, \$3.8 million, and \$3.5 million for the years ended December 31, 2015, 2014 and 2013, respectively. We also recorded expenses of \$21.3 million, \$21.5 million, and \$23.4 million the years ended December 31, 2015, 2014 and 2013, respectively, for these services (excluding services provided directly to tenants).

Management Fees

S.L. Green Management Corp., a consolidated entity, receives property management fees from an entity in which Stephen L. Green owns an interest. We received management fees from this entity of \$0.5 million, \$0.4 million and \$0.4 million for the years ended December 31, 2015, 2014, and 2013 respectively.

Insurance

We maintain “all-risk” property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism) within three property insurance portfolios and liability insurance. The first property portfolio maintains a blanket limit of \$950.0 million per occurrence, including terrorism, for the majority of the New York City properties in our portfolio and expires December 31, 2017. The second portfolio maintains a limit of \$1.5 billion per occurrence, including terrorism, for several New York City properties and the majority of the Suburban properties and expires December 31, 2017. Each of these policies includes \$100.0 million of flood coverage, with a lower sublimit for locations in high hazard flood zones. A third blanket property policy covers most of our residential assets and maintains a limit of \$386.0 million per occurrence, including terrorism, for our residential properties and expires January 31, 2018. We maintain two liability policies which cover all our properties and provide limits of \$201.0 million per occurrence and in the aggregate per location. The liability policies expire on October 31, 2016 and January 31, 2017 and cover our commercial and residential assets, respectively. Additional coverage may be purchased on a stand-alone basis for certain assets.

In October 2006, we formed a wholly-owned taxable REIT subsidiary, Belmont Insurance Company, or Belmont, to act as a captive insurance company and as one of the elements of our overall insurance program. Belmont is a subsidiary of ours. Belmont was formed in an effort to, among other reasons, stabilize to some extent the fluctuations of insurance market conditions. Belmont is licensed in New York to write Terrorism, NBCR (nuclear, biological, chemical, and radiological), General Liability, Environmental Liability and D&O coverage.

The Terrorism Risk Insurance Act, or TRIA, which was enacted in November 2002, was renewed December 31, 2005 and again on December 31, 2007. Congress extended TRIA, now called TRIPRA (Terrorism Risk Insurance Program Reauthorization and Extension Act of 2007) until December 31, 2014. TRIPRA was not renewed by Congress and expired on December 31, 2014. However, on January 12, 2015, TRIPRA was reauthorized until December 31, 2020 (Terrorism Insurance Program Reauthorization and Extension Act of 2015). The law extends the federal Terrorism Insurance Program that requires insurance companies to offer terrorism coverage and provides for compensation for insured losses resulting from acts of certified terrorism, subject to the current program trigger of \$100.0 million, which will increase by \$20 million per annum, commencing December 31, 2015. Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), mezzanine loans, ground leases, our 2012 credit facility, senior unsecured notes and other corporate obligations, contain customary covenants requiring us to maintain insurance. Although we believe that we currently maintain sufficient insurance coverage to satisfy these obligations, there is no assurance that in the future we will be able to procure coverage at a reasonable cost. In such instances, there can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from “all-risk” insurance coverage for losses due to terrorist acts is a breach of these debt and ground lease instruments allowing the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions. In addition, if lenders prevail in asserting that we are required to maintain full coverage for these risks, it could result in substantially higher insurance premiums.

We own Belmont and the accounts of Belmont are part of our consolidated financial statements. If Belmont experiences a loss and is required to pay under its insurance policy, we would ultimately record the loss to the extent of Belmont's required payment. Therefore, insurance coverage provided by Belmont should not be considered as the equivalent of third-party insurance, but rather as a modified form of self-insurance.

We monitor all properties that are subject to triple net leases to ensure that tenants are providing adequate coverage. Certain joint ventures may be covered under policies separate from our policies, at coverage limits which we deem to be adequate. We continually monitor these policies. Although we consider our insurance coverage to be appropriate, in the event of a major catastrophe, we may not have sufficient coverage to replace certain properties.

Funds from Operations

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Funds from Operations, or FFO, is a widely recognized measure of REIT performance. We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with the NAREIT definition, or that interpret the NAREIT definition differently than we do. The revised White Paper on FFO approved by the Board of Governors of NAREIT in April 2002, and as subsequently amended, defines FFO as net income (loss) (computed in accordance with Generally Accepted Accounting Principles, or GAAP), excluding gains (or losses) from debt restructurings, sales of properties and real estate related impairment charges, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. We present FFO because we consider it an important supplemental measure of our operating performance and believe that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, particularly those that own and operate commercial office properties.

We also use FFO as one of several criteria to determine performance-based bonuses for members of our senior management. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, interest costs, providing perspective not immediately apparent from net income. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP), as an indication of our financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

FFO for the years ended December 31, 2015 and 2014 are as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Net income attributable to SL Green common stockholders	\$269,132	\$503,104	\$101,330
Add:			
Depreciation and amortization	560,887	371,610	324,461
Discontinued operations depreciation adjustments	—	5,581	16,443
Joint venture depreciation and noncontrolling interest adjustments	34,226	33,487	51,266
Net income attributable to noncontrolling interests	26,408	25,057	13,652
Less:			
Gain on sale of real estate and discontinued operations	190,096	163,059	14,900
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	15,844	123,253	3,601
Purchase price fair value adjustment	40,078	67,446	(2,305)
Depreciable real estate reserves	(19,226)	—	(2,150)
Depreciation on non-rental real estate assets	2,036	2,047	1,509
Funds from Operations attributable to SL Green common stockholders and noncontrolling interests	\$661,825	\$583,034	\$491,597
Cash flows provided by operating activities	\$526,484	\$490,381	\$386,203
Cash flows used in investing activities	\$(2,265,911)	\$(796,835)	\$(628,435)
Cash flows provided by financing activities	\$1,713,417	\$381,171	\$258,940

Inflation

Substantially all of our office leases provide for separate real estate tax and operating expense escalations as well as operating expense recoveries based on increases in the Consumer Price Index or other measures such as porters' wage. In addition, many of the leases provide for fixed base rent increases. We believe that inflationary increases will be at

least partially offset by the contractual rent increases and expense escalations described above.

Accounting Standards Updates

The Accounting Standards Updates are discussed in Note 2, "Significant Accounting Policies-Accounting Standards Updates" in the accompanying consolidated financial statements.

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Forward-Looking Information

This report includes certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and are intended to be covered by the safe harbor provisions thereof. All statements, other than statements of historical facts, included in this report that address activities, events or developments that we expect, believe or anticipate will or may occur in the future, including such matters as future capital expenditures, dividends and acquisitions (including the amount and nature thereof), development trends of the real estate industry and the Manhattan, Brooklyn, Westchester County, Connecticut, Long Island and New Jersey office markets, business strategies, expansion and growth of our operations and other similar matters, are forward-looking statements. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate.

Forward-looking statements are not guarantees of future performance and actual results or developments may differ materially, and we caution you not to place undue reliance on such statements. Forward-looking statements are generally identifiable by the use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," "project," "continue," or the negative of these words, or other similar words or terms.

Forward-looking statements contained in this report are subject to a number of risks and uncertainties that may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by forward-looking statements made by us. These risks and uncertainties include: the effect of general economic, business and financial conditions, and their effect on the New York City real estate market in particular;

- dependence upon certain geographic markets;
- risks of real estate acquisitions, dispositions, developments and redevelopment, including the cost of construction delays and cost overruns;
- risks relating to debt and preferred equity investments;
- availability and creditworthiness of prospective tenants and borrowers;
- bankruptcy or insolvency of a major tenant or a significant number of smaller tenants;
- adverse changes in the real estate markets, including reduced demand for office space, increasing vacancy, and increasing availability of sublease space;
- availability of capital (debt and equity);
- unanticipated increases in financing and other costs, including a rise in interest rates;
- our ability to comply with financial covenants in our debt instruments;
- our ability to maintain its status as a REIT;
- risks of investing through joint venture structures, including the fulfillment by our partners of their financial obligations;
- the threat of terrorist attacks;
- our ability to obtain adequate insurance coverage at a reasonable cost and the potential for losses in excess of our insurance coverage, including as a result of environmental contamination; and,
- legislative, regulatory and/or safety requirements adversely affecting REITs and the real estate business including costs of compliance with the Americans with Disabilities Act, the Fair Housing Act and other similar laws and regulations.

Other factors and risks to our business, many of which are beyond our control, are described in other sections of this report and in our other filings with the SEC. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of future events, new information or otherwise.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Rate Risk" for additional information regarding our exposure to interest rate fluctuations.

The table below presents the principal cash flows based upon maturity dates of our debt obligations and debt and preferred equity investments and the weighted-average interest rates by expected maturity dates, including as-of-right extension options, as of December 31, 2015 (in thousands):

	Long-Term Debt			Debt and Preferred Equity Investments(1)			
	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate	Amount	Weighted Yield	
2016	\$402,827	4.39	% \$302,984	1.95	% \$591,164	11.17	%
2017	1,141,214	4.29	% 149,171	2.14	% 631,071	9.73	
2018	330,119	4.33	% 3,868	2.29	% 327,334	9.96	
2019	100,255	4.53	% 931,471	2.57	% 67,015	7.45	
2020	707,330	4.29	% 1,269,000	3.03	% —	—	
Thereafter	4,574,579	4.04	% 546,000	—	% 53,436	8.79	
Total	\$7,256,324	4.25	% \$3,202,494	0.39	% \$1,670,020	10.51	%
Fair Value	\$7,561,228		\$3,165,788				

(1) Our debt and preferred equity investments had an estimated fair value ranging between \$1.7 billion and \$1.8 billion at December 31, 2015.

The table below presents the principal cash flows based upon maturity dates of our share of our joint venture debt obligations and the weighted-average interest rates by expected maturity dates as of December 31, 2015 (in thousands):

	Long Term Debt			
	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate
2016	\$348,548	5.31	% \$181,098	3.16
2017	336,899	5.02	% 278,186	2.98
2018	2,168	5.13	% 27	2.44
2019	95,647	5.41	% 9,040	4.20
2020	135	5.69	% 30,163	5.36
Thereafter	268,003	7.77	% 183,123	7.28
Total	\$1,051,400	5.84	% \$681,637	4.20
Fair Value	\$1,040,461		\$680,654	

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The table below lists our consolidated derivative instruments, which are hedging variable rate debt, and their related fair values as of December 31, 2015 (in thousands):

	Asset Hedged	Benchmark Rate	Notional Value	Strike Rate	Effective Date	Expiration Date	Fair Value
Interest Rate Cap - Sold	Mortgage	LIBOR	\$504,000	4.750 %	May 2014	May 2016	\$—
Interest Rate Cap	Mortgage	LIBOR	504,000	4.750 %	May 2014	May 2016	—
Interest Rate Cap	Mortgage	LIBOR	500,000	4.750 %	October 2014	May 2016	—
Interest Rate Cap - Sold	Mortgage	LIBOR	500,000	4.750 %	November 2014	May 2016	—
Interest Rate Cap	Mortgage	LIBOR	446,000	4.750 %	October 2014	May 2016	—
Interest Rate Swap	Mortgage	LIBOR	200,000	0.938 %	October 2014	December 2017	71
Interest Rate Swap	Mortgage	LIBOR	150,000	0.940 %	October 2014	December 2017	47
Interest Rate Swap	Mortgage	LIBOR	150,000	0.940 %	October 2014	December 2017	47
Interest Rate Swap	Mortgage	LIBOR	144,000	2.236 %	December 2012	December 2017	(3,516)
Interest Rate Swap	Mortgage	LIBOR	86,400	1.948 %	December 2012	December 2017	(1,630)
Interest Rate Swap	Mortgage	LIBOR	72,000	2.310 %	December 2012	December 2017	(1,862)
Interest Rate Swap	Mortgage	LIBOR	72,000	1.345 %	December 2012	December 2017	(522)
Interest Rate Swap	Mortgage	LIBOR	72,000	2.310 %	December 2012	December 2017	(1,859)
Interest Rate Swap	Mortgage	LIBOR	57,600	1.990 %	December 2012	December 2017	(1,134)
Interest Rate Swap	Mortgage	LIBOR	30,000	2.295 %	July 2010	June 2016	(241)
Interest Rate Swap	Credit facility	LIBOR	14,409	0.500 %	January 2015	January 2017	36
Interest Rate Swap	Mortgage	LIBOR	8,018	0.852 %	February 2015	February 2017	(12)
Interest Rate Cap	Mortgage	LIBOR	137,500	4.000 %	September 2015	September 2017	3
Total Consolidated Hedges							\$(10,572)

In addition to these derivative instruments, some of our joint venture loan agreements require the joint venture to purchase interest rate caps on its debt. All such interest rate caps had no value at December 31, 2015. We also swapped certain floating rate debt at some of our joint ventures. These swaps represented in aggregate an asset and obligation of \$0.06 million and \$1.21 million, respectively, at December 31, 2015.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements and Schedules

FINANCIAL STATEMENTS OF SL GREEN REALTY CORP.

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<u>Consolidated Statements of Equity for the years ended December 31, 2015, 2014 and 2013</u>	<u>77</u>
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FINANCIAL STATEMENTS OF SL GREEN OPERATING PARTNERSHIP, L.P.

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<u>Notes to Consolidated Financial Statements</u>	<u>93</u>

Schedules

<u>Schedule II-Valuation and Qualifying Accounts for the years ended December 31, 2015, 2014 and 2013</u>	<u>144</u>
<u>Schedule III- Real Estate and Accumulated Depreciation as of December 31, 2015</u>	<u>145</u>

All other schedules are omitted because they are not required or the required information is shown in the financial statements or notes thereto.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of SL Green Realty Corp.

We have audited the accompanying consolidated balance sheets of SL Green Realty Corp. (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedules listed in the Index at Item 15(a)(2). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of SL Green Realty Corp. at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York

February 26, 2016

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SL Green Realty Corp.
Consolidated Balance Sheets
(in thousands, except per share data)

	December 31, 2015	December 31, 2014
Assets		
Commercial real estate properties, at cost:		
Land and land interests	\$4,779,159	\$3,844,518
Building and improvements	10,423,739	8,778,593
Building leasehold and improvements	1,431,259	1,418,585
Properties under capital lease	47,445	27,445
	16,681,602	14,069,141
Less: accumulated depreciation	(2,060,706	) (1,905,165
	14,620,896	12,163,976
Assets held for sale		
Cash and cash equivalents	34,981	462,430
Restricted cash	255,399	281,409
Investments in marketable securities	233,578	149,176
Tenant and other receivables, net of allowance of \$17,618 and \$18,068 in 2015 and 2014, respectively	45,138	39,429
Related party receivables	63,491	57,369
Deferred rents receivable, net of allowance of \$21,730 and \$27,411 in 2015 and 2014, respectively	10,650	11,735
Debt and preferred equity investments, net of discounts and deferred origination fees of \$18,759 and \$19,172 in 2015 and 2014, respectively	498,776	374,944
Investments in unconsolidated joint ventures	1,670,020	1,408,804
Deferred costs, net	1,203,858	1,172,020
Other assets	370,435	327,962
Total assets	850,719	647,333
Liabilities		
Mortgages and other loans payable	\$6,992,504	\$5,586,709
Revolving credit facility	994,000	385,000
Term loan and senior unsecured notes	2,319,244	2,107,078
Accrued interest payable and other liabilities	210,883	137,634
Accounts payable and accrued expenses	196,213	173,246
Deferred revenue	399,102	187,148
Capital lease obligations	41,360	20,822
Deferred land leases payable	1,783	1,215
Dividend and distributions payable	79,790	64,393
Security deposits	68,023	66,614
Liabilities related to assets held for sale	29,000	266,873
Junior subordinated deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
Total liabilities	11,431,902	9,096,732
Commitments and contingencies	—	—
Noncontrolling interests in Operating Partnership	424,206	469,524
Preferred units	282,516	71,115

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SL Green Realty Corp.
 Consolidated Balance Sheets
 (in thousands, except per share data)

	December 31, 2015	December 31, 2014
Equity		
SL Green stockholders' equity:		
Series I Preferred Stock, \$0.01 par value, \$25.00 liquidation preference, 9,200 issued and outstanding at both December 31, 2015 and 2014	221,932	221,932
Common stock, \$0.01 par value, 160,000 shares authorized and 100,063 and 97,325 issued and outstanding at December 31, 2015 and 2014, respectively (including 87 shares held in treasury at December 31, 2015)	1,001	974
Additional paid-in-capital	5,439,735	5,113,759
Treasury stock at cost	(10,000) —
Accumulated other comprehensive loss	(8,749	) (6,980)
Retained earnings	1,643,546	1,607,689
Total SL Green stockholders' equity	7,287,465	6,937,374
Noncontrolling interests in other partnerships	431,852	521,842
Total equity	7,719,317	7,459,216
Total liabilities and equity	\$ 19,857,941	\$ 17,096,587

The accompanying notes are an integral part of these consolidated financial statements.

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SL Green Realty Corp.
Consolidated Statements of Operations
(in thousands, except per share data)

	Year Ended December 31,		
	2015	2014	2013
Revenues			
Rental revenue, net	\$1,245,981	\$1,121,066	\$996,782
Escalation and reimbursement	178,512	164,376	155,965
Investment income	181,128	178,815	193,843
Other income	57,208	55,721	24,475
Total revenues	1,662,829	1,519,978	1,371,065
Expenses			
Operating expenses, including \$20,071 in 2015, \$19,308 in 2014, and \$19,152 in 2013 of related party expenses	301,624	282,283	276,589
Real estate taxes	232,702	217,843	203,076
Ground rent	32,834	32,307	31,951
Interest expense, net of interest income	323,870	317,400	310,894
Amortization of deferred financing costs	27,348	22,377	15,855
Depreciation and amortization	560,887	371,610	324,461
Transaction related costs	11,430	8,707	3,985
Marketing, general and administrative	94,873	92,488	86,192
Total expenses	1,585,568	1,345,015	1,253,003
Income from continuing operations before equity in net income from unconsolidated joint ventures, equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price fair value adjustment, gain on sale of real estate, depreciable real estate reserves, gain (loss) on sale of marketable securities and loss on early extinguishment of debt	77,261	174,963	118,062
Equity in net income from unconsolidated joint ventures	13,028	26,537	9,921
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	15,844	123,253	3,601
Purchase price fair value adjustment	40,078	67,446	(2,305)
Gain on sale of real estate, net	175,974	—	—
Depreciable real estate reserves	(19,226)) —	—
Gain (loss) on sale of investment in marketable securities	—	3,895	(65)
Loss on early extinguishment of debt	(49)	) (32,365)	) (18,518)
Income from continuing operations	302,910	363,729	110,696
Net income from discontinued operations	427	19,075	25,687
Gain on sale of discontinued operations	14,122	163,059	14,900
Net income	317,459	545,863	151,283
Net income attributable to noncontrolling interests:			
Noncontrolling interests in the Operating Partnership	(10,565)	) (18,467)	) (3,023)
Noncontrolling interests in other partnerships	(15,843)	) (6,590)	) (10,629)
Preferred units distributions	(6,967)	) (2,750)	) (2,260)
Net income attributable to SL Green	284,084	518,056	135,371
Preferred stock redemption costs	—	—	(12,160)

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Perpetual preferred stock dividends	(14,952) (14,952) (21,881)
Net income attributable to SL Green common stockholders	\$269,132	\$503,104	\$101,330	

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SL Green Realty Corp.
 Consolidated Statements of Operations
 (in thousands, except per share data)

	Year Ended December 31,		
	2015	2014	2013
Amounts attributable to SL Green common stockholders:			
Income from continuing operations before purchase price fair value adjustment, gains on sale and discontinued operations	\$50,502	\$143,466	\$60,654
Purchase price fair value adjustment	38,563	65,059	(2,239)
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	15,245	118,891	3,497
Net income from discontinued operations	411	18,400	24,947
Gain on sale of discontinued operations	13,588	157,288	14,471
Gain on sale of real estate	169,322	—	—
Depreciable real estate reserves	(18,499)	—	—
Net income attributable to SL Green common stockholders	\$269,132	\$503,104	\$101,330
Basic earnings per share:			
Income from continuing operations before purchase price fair value adjustment, gains on sale and discontinued operations	\$0.51	\$1.50	\$0.66
Purchase price fair value adjustment	0.39	0.68	(0.02)
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	0.15	1.24	0.04
Net income from discontinued operations	—	0.19	0.27
Gain on sale of discontinued operations	0.14	1.64	0.15
Gain on sale of real estate	1.71	—	—
Depreciable real estate reserves	(0.19)	—	—
Net income attributable to SL Green common stockholders	\$2.71	\$5.25	\$1.10
Diluted earnings per share:			
Income from continuing operations before purchase price fair value adjustment, gains on sale and discontinued operations	\$0.51	\$1.52	\$0.66
Purchase price fair value adjustment	0.39	0.65	(0.03)
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	0.15	1.24	0.04
Net income from discontinued operations	—	0.19	0.27
Gain on sale of discontinued operations	0.14	1.63	0.16
Gain on sale of real estate	1.70	—	—
Depreciable real estate reserves	(0.19)	—	—
Net income attributable to SL Green common stockholders	\$2.70	\$5.23	\$1.10
Basic weighted average common shares outstanding	99,345	95,774	92,269
Diluted weighted average common shares and common share equivalents outstanding	103,734	99,696	95,266

The accompanying notes are an integral part of these consolidated financial statements.

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SL Green Realty Corp.

Consolidated Statements of Comprehensive Income

(in thousands)

	Year Ended December 31,			
	2015	2014	2013	
Net income	\$317,459	\$545,863	\$151,283	
Other comprehensive income (loss):				
Change in net unrealized (loss) gain on derivative instruments, including SL Green's share of joint venture net unrealized (loss) gain on derivative instruments	(1,229	) 10,643	13,490
Change in unrealized (loss) gain on marketable securities	(607	) (2,237	) 1,497
Other comprehensive (loss) income	(1,836	) 8,406	14,987
Comprehensive income	315,623	554,269	166,270	
Net income attributable to noncontrolling interests and preferred units distributions	(33,375) (27,807) (15,912)
Other comprehensive income (loss) attributable to noncontrolling interests	67	(175) (611)
Comprehensive income attributable to SL Green	\$282,315	\$526,287	\$149,747	

The accompanying notes are an integral part of these consolidated financial statements.

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SL Green Realty Corp.
Consolidated Statement of Equity
(in thousands, except per share data)

	SL Green Realty Corp. Stockholders		Common Stock			Accumulated		Noncontrolling Interests	Total	
	Series C Preferred Stock	Series I Preferred Stock	Shares	Par Value	Additional Paid-In-Capital	Treasury Stock	Other Comprehensive Income (Loss)			Retained Earnings
Balance at December 31, 2012	\$ 180,340	\$ 221,965	91,250	\$ 913	\$ 4,490,084	\$—	\$(29,587)	\$ 1,556,087	\$ 487,301	\$ 6,907,103
Net income								135,371	10,629	146,000
Other comprehensive income							14,376			14,376
Preferred dividends								(21,881)		(21,881)
DRSPP proceeds					67					67
Conversion of units of the Operating Partnership to common stock			239	2	17,285					17,287
Redemption of preferred stock	(180,340)							(12,160)		(192,500)
Preferred stock issuance costs		(33)								(33)
Reallocation of noncontrolling interest in the operating partnership								(45,618)		(45,618)
Deferred compensation plan and stock award, net			135	3	4,464	(6,090)		1,789		166
Amortization of deferred compensation plan					26,329					26,329
Proceeds from issuance of common stock			3,062	30	290,669					290,699
			224	2	12,902					12,904

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Proceeds from stock options exercised										
Sale of treasury stock	83			6,090		1,030			7,120	
Contributions to consolidated joint venture interests							8,164		8,164	
Cash distributions to noncontrolling interests							(14,623)		(14,623)	
Cash distribution declared (\$1.49 per common share, none of which represented a return of capital for federal income tax purposes)							(138,684)		(138,684)	
Balance at December 31, 2013	—	221,932	94,993	950	4,841,800	—	(15,211)	1,475,934	491,471	7,016,876
Net income								518,056	6,590	524,646
Other comprehensive income							8,231			8,231
Preferred dividends								(14,952)		(14,952)
DRSPP proceeds					64					64
Conversion of units of the Operating Partnership to common stock			315	3	31,650					31,653
Reallocation of noncontrolling interest in the Operating Partnership								(168,439)		(168,439)
Deferred compensation plan and stock award, net		15			(15)			(1,499)		(1,514)
Amortization of deferred					29,749					29,749

compensation plan										
Issuance of common stock	1,654	17	185,304					185,321		
Proceeds from stock options exercised	348	4	25,207					25,211		
Contributions to consolidated joint venture interests							30,800	30,800		
Cash distributions to noncontrolling interests							(7,019)	(7,019)		
Cash distributions declared (\$2.10 per common share, none of which represented a return of capital for federal income tax purposes)							(201,411)	(201,411)		
Balance at December 31, 2014	—	221,932	97,325	974	5,113,759	—	(6,980)	1,607,689	521,842	7,459,216

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SL Green Realty Corp.
Consolidated Statement of Equity
(in thousands, except per share data)

	SL Green Realty Corp. Stockholders				Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total
	Series I Preferred Stock	Series C Preferred Stock	Common Shares	Par Value						Additional Paid- In-Capital
Net income						284,084	15,843	299,927	
Acquisition of subsidiary interest from noncontrolling interest					(9,566)		(11,084)	(20,650)	
Other comprehensive loss						(1,769)		(1,769)	
Preferred dividends						(14,952)		(14,952)	
DRSP proceeds			776	8	99,547			99,555	
Conversion of units of the Operating Partnership to common stock			483	5	55,692			55,697	
Reallocation of noncontrolling interest in the Operating Partnership						20,915		20,915	
Reallocation of capital account relating to sale							(10,143)	(10,143)	
Deferred compensation plan and stock award, net			168	2	243	(3,227)		(2,982)	
Amortization of deferred compensation plan					26,721			26,721	
Issuance of common stock			1,007	10	136,979	(10,000)		126,989	
			217	2	16,360			16,362	

Proceeds from stock options exercised									
Contributions to consolidated joint venture interests						35,178		35,178	
Cash distributions to noncontrolling interests						(119,784)		(119,784)	
Cash distributions declared (\$2.52 per common share, none of which represented a return of capital for federal income tax purposes)						(250,963)		(250,963)	
Balance at December 31, 2015	\$-\$221,932	99,976	\$1,001	\$5,439,735	\$(10,000)	\$(8,749)	\$1,643,546	\$431,852	\$7,719,317

The accompanying notes are an integral part of these consolidated financial statements.

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SL Green Realty Corp.
Consolidated Statements of Cash Flows
(in thousands, except per share data)

	Year Ended December 31,		
	2015	2014	2013
Operating Activities			
Net income	\$317,459	\$545,863	\$151,283
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	588,238	400,001	357,599
Equity in net income from unconsolidated joint ventures	(13,028)	) (26,537	) (9,921)
Distributions of cumulative earnings from unconsolidated joint ventures	40,759	28,859	34,997
Equity in net gain on sale of interest in unconsolidated joint venture interest/real estate	(15,844)	) (123,253	) (3,601)
Purchase price fair value adjustment	(40,078)	) (71,446	) 2,305
Depreciable real estate reserves	19,226	—	2,150
Gain on sale of real estate	(175,974)) —	—
Gain on sale of discontinued operations	(14,122)	) (163,059	) (14,900)
Gain on sale of investments in marketable securities	—	(3,895) —
Loss on early extinguishment of debt	49	32,365	10,963
Deferred rents receivable	(136,924)	) (56,362	) (56,739)
Other non-cash adjustments	(20,671)	) (28,559	) (37,843)
Changes in operating assets and liabilities:			
Restricted cash—operations	11,289	861	2,037
Tenant and other receivables	(6,405)	) 1,978	(7,570)
Related party receivables	1,278	(3,673	) (917)
Deferred lease costs	(61,005)	) (53,333	) (52,228)
Other assets	18,501	9,340	2,904
Accounts payable, accrued expenses and other liabilities and security deposits	8,634	(7,796	) (1,473)
Deferred revenue and land leases payable	5,102	9,027	7,157
Net cash provided by operating activities	526,484	490,381	386,203
Investing Activities			
Acquisitions of real estate property	(2,653,311)	) (1,039,530	) (594,595)
Additions to land, buildings and improvements	(406,442)	) (369,887	) (196,571)
Escrowed cash—capital improvements/acquisition deposits/deferred purchase price	(101,000)	) (8,461	) (7,672)
Investments in unconsolidated joint ventures	(161,712)	) (382,010	) (150,274)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	98,639	236,181	42,720
Proceeds from disposition of real estate/joint venture interest	1,216,785	820,599	227,615
Proceeds from sale of marketable securities	1,426	8,248	2,370
Purchases of marketable securities	(7,769)	) (14,364	) (11,493)
Other investments	(15,806)	) (7,448	) (43,163)
Origination of debt and preferred equity investments	(756,939)	) (617,090	) (555,137)
Repayments or redemption of debt and preferred equity investments	520,218	576,927	657,765
Net cash used in investing activities	(2,265,911)) (796,835) (628,435)

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SL Green Realty Corp.
Consolidated Statements of Cash Flows
(in thousands, except per share data)

	Year Ended December 31,		
	2015	2014	2013
Financing Activities			
Proceeds from mortgages and other loans payable	\$1,849,293	\$2,151,603	\$1,257,172
Repayments of mortgages and other loans payable	(781,236)	(2,201,999)	(1,085,220)
Proceeds from revolving credit facility and senior unsecured notes	2,515,000	1,908,000	1,164,000
Repayments of revolving credit facility and senior unsecured notes	(1,706,007)	(1,386,588)	(1,020,215)
Payment of debt extinguishment costs	—	(50,150)	—
Proceeds from stock options exercised and DRIP issuance	115,917	25,275	12,971
Proceeds from sale of common stock	124,761	185,321	290,699
Redemption of preferred stock	(200)	(2,000)	(192,533)
Sale or purchase of treasury stock	—	—	7,120
Distributions to noncontrolling interests in other partnerships	(119,784)	(7,019)	(14,623)
Contributions from noncontrolling interests in other partnerships	12,674	30,675	8,164
Distributions to noncontrolling interests in the Operating Partnership	(9,710)	(7,849)	(4,146)
Dividends paid on common and preferred stock	(257,378)	(206,974)	(148,407)
Other obligations related to mortgage loan participations	25,000	—	—
Deferred loan costs and capitalized lease obligation	(54,913)	(57,124)	\$(16,042)
Net cash provided by financing activities	1,713,417	381,171	258,940
Net (decrease) increase in cash and cash equivalents	(26,010)	74,717	16,708
Cash and cash equivalents at beginning of year	281,409	206,692	189,984
Cash and cash equivalents at end of period	\$255,399	\$281,409	\$206,692
Supplemental cash flow disclosures:			
Interest paid	\$345,110	\$348,230	\$325,903
Income taxes paid	\$3,882	\$4,056	\$2,666
Supplemental Disclosure of Non-Cash Investing and Financing Activities:			
Issuance of common stock as deferred compensation	\$243	\$1,601	\$164
Issuance of units in the operating partnership	30,506	56,469	24,750
Redemption of units in the operating partnership	55,697	31,653	17,287
Derivative instruments at fair value	1,816	11,230	636
Exchange of debt investment for equity in joint venture	10,151	—	—
Transfer of restricted cash to operating cash and cash equivalents as a result of sale	21,578	—	—
Acquisition of subsidiary interest from noncontrolling interest	20,630	—	—
Issuance of common stock relating to the real estate acquisition	2,228	—	—
Issuance of preferred units relating to the real estate acquisition	211,601	—	—
Tenant improvements and capital expenditures payable	7,755	9,408	502
Mortgage assigned to joint venture	—	150,000	—
Fair value adjustment to noncontrolling interest in operating partnership	20,915	168,439	45,618
Assumption of mortgage loan	112,795	16,000	84,642
Investment in Joint Venture	—	88,957	—
Capital lease assets	20,000	—	9,992

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Reclass of development costs from other assets to real estate	47,519	—	—
Deconsolidation of a subsidiary	27,435	112,095	—
Transfer of assets to assets held for sale	34,981	462,430	—
Transfer of liabilities related to assets held for sale	29,000	266,873	—
Transfer of financing receivable to debt investment	—	19,675	—
Deferred leasing payable	7,832	8,667	5,024
Consolidation of real estate investment	158,566	1,316,591	90,934
Removal of fully depreciated commercial real estate properties	241,910	—	—
Issuance of preferred units (Stonehenge)	—	27,565	—

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SL Green Realty Corp.

Consolidated Statements of Cash Flows

(in thousands, except per share data)

	Year Ended December 31,		
	2015	2014	2013
Issuance of SLG's common stock to a consolidated joint venture	10,000	—	—
Contribution to consolidated joint venture by noncontrolling interest	22,504	—	—

In December 2015, 2014 and 2013, the Company declared quarterly distributions per share of \$0.72, \$0.60 and \$0.50, respectively. These distributions were paid in January 2016, 2015 and 2014, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

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Report of Independent Registered Public Accounting Firm

The Partners of SL Green Operating Partnership, L.P.

We have audited the accompanying consolidated balance sheets of SL Green Operating Partnership, L.P. (the "Operating Partnership") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, capital and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedules listed in the Index at Item 15(a)(2). These financial statements and schedules are the responsibility of the Operating Partnership's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the SL Green Operating Partnership, L.P. at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Operating Partnership's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York
February 26, 2016

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SL Green Operating Partnership, L.P.
 Consolidated Balance Sheets
 (in thousands, except per unit data)

	December 31, 2015	December 31, 2014
Assets		
Commercial real estate properties, at cost:		
Land and land interests	\$4,779,159	\$3,844,518
Building and improvements	10,423,739	8,778,593
Building leasehold and improvements	1,431,259	1,418,585
Property under capital lease	47,445	27,445
	16,681,602	14,069,141
Less: accumulated depreciation	(2,060,706	) (1,905,165
	14,620,896	12,163,976
Assets held for sale	34,981	462,430
Cash and cash equivalents	255,399	281,409
Restricted cash	233,578	149,176
Investments in marketable securities	45,138	39,429
Tenant and other receivables, net of allowance of \$17,618 and \$18,068 in 2015 and 2014, respectively	63,491	57,369
Related party receivables	10,650	11,735
Deferred rents receivable, net of allowance of \$21,730 and \$27,411 in 2015 and 2014, respectively	498,776	374,944
Debt and preferred equity investments, net of discounts and deferred origination fees of 18,759 and \$19,172 in 2015 and 2014, respectively	1,670,020	1,408,804
Investments in unconsolidated joint ventures	1,203,858	1,172,020
Deferred costs, net	370,435	327,962
Other assets	850,719	647,333
Total assets	\$19,857,941	\$17,096,587
Liabilities		
Mortgages and other loans payable	\$6,992,504	\$5,586,709
Revolving credit facility	994,000	385,000
Term loan and senior unsecured notes	2,319,244	2,107,078
Accrued interest payable and other liabilities	210,883	137,634
Accounts payable and accrued expenses	196,213	173,246
Deferred revenue	399,102	187,148
Capital lease obligations	41,360	20,822
Deferred land leases payable	1,783	1,215
Dividend and distributions payable	79,790	64,393
Security deposits	68,023	66,614
Liabilities related to assets held for sale	29,000	266,873
Junior subordinated deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
Total liabilities	11,431,902	9,096,732
Commitments and contingencies	—	—
Limited partner interests in SLGOP (3,746 and 3,973 limited partner common units outstanding at December 31, 2015 and 2014, respectively)	424,206	469,524
Preferred units	282,516	71,115

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SL Green Operating Partnership, L.P.
 Consolidated Balance Sheets
 (in thousands, except per unit data)

	December 31, 2015	December 31, 2014
Capital		
SLGOP partners' capital:		
Series I Preferred Units, \$25.00 liquidation preference, 9,200 issued and outstanding at both December 31, 2015 and 2014	221,932	221,932
SL Green partners' capital (1,035 and 1,013 general partner common units and 98,941 and 96,312 limited partner common units outstanding at December 31, 2015 2014, respectively)	7,074,282	6,722,422
Accumulated other comprehensive loss	(8,749	) (6,980
Total SLGOP partners' capital	7,287,465	6,937,374
Noncontrolling interests in other partnerships	431,852	521,842
Total capital	7,719,317	7,459,216
Total liabilities and capital	\$ 19,857,941	\$ 17,096,587

The accompanying notes are an integral part of these consolidated financial statements.

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SL Green Operating Partnership, L.P.
 Consolidated Statements of Operations
 (in thousands, except per unit data)

	Year Ended December 31,		
	2015	2014	2013
Revenues			
Rental revenue, net	\$1,245,981	\$1,121,066	\$996,782
Escalation and reimbursement	178,512	164,376	155,965
Investment income	181,128	178,815	193,843
Other income	57,208	55,721	24,475
Total revenues	1,662,829	1,519,978	1,371,065
Expenses			
Operating expenses, including \$20,071 in 2015, \$19,308 in 2014, and \$19,152 in 2013 of related party expenses	301,624	282,283	276,589
Real estate taxes	232,702	217,843	203,076
Ground rent	32,834	32,307	31,951
Interest expense, net of interest income	323,870	317,400	310,894
Amortization of deferred financing costs	27,348	22,377	15,855
Depreciation and amortization	560,887	371,610	324,461
Transaction related costs	11,430	8,707	3,985
Marketing, general and administrative	94,873	92,488	86,192
Total expenses	1,585,568	1,345,015	1,253,003
Income from continuing operations before equity in net income from unconsolidated joint ventures, equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price fair value adjustment, gain on sale of real estate, depreciable real estate reserves, gain (loss) on sale of marketable securities and loss on early extinguishment of debt	77,261	174,963	118,062
Equity in net income from unconsolidated joint ventures	13,028	26,537	9,921
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	15,844	123,253	3,601
Purchase price fair value adjustment	40,078	67,446	(2,305)
Gain on sale of real estate, net	175,974	—	—
Depreciable real estate reserves	(19,226)) —	—
Gain (loss) on sale of marketable securities	—	3,895	(65)
Loss on early extinguishment of debt	(49)	) (32,365)	) (18,518)
Income from continuing operations	302,910	363,729	110,696
Net income from discontinued operations	427	19,075	25,687
Gain on sale of discontinued operations	14,122	163,059	14,900
Net income	317,459	545,863	151,283
Net income attributable to noncontrolling interests in other partnerships	(15,843)	) (6,590)	) (10,629)
Preferred unit distributions	(6,967)	) (2,750)	) (2,260)
Net income attributable to SLGOP	294,649	536,523	138,394
Preferred unit redemption costs	—	—	(12,160)

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Perpetual preferred unit distributions	(14,952) (14,952) (21,881)
Net income attributable to SLGOP common unitholders	\$279,697	\$521,571	\$104,353	

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SL Green Operating Partnership, L.P.
 Consolidated Statements of Operations
 (in thousands, except per unit data)

	Year Ended December 31,		
	2015	2014	2013
Amounts attributable to SLGOP common unitholders:			
Income from continuing operations before purchase price fair value adjustment, gains on sale and discontinued operations	\$52,478	\$148,738	\$62,470
Purchase price fair value adjustment	40,078	67,446	(2,305)
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	15,844	123,253	3,601
Net income from discontinued operations	427	19,075	25,687
Gain on sale of discontinued operations	14,122	163,059	14,900
Gain on sale of real estate	175,974	—	—
Depreciable real estate reserves	(19,226)	—	—
Net income attributable to SLGOP common unitholders	\$279,697	\$521,571	\$104,353
Basic earnings per unit:			
Income from continuing operations before gains on sale and discontinued operations	\$0.51	\$1.50	\$0.66
Purchase price fair value adjustment	0.39	0.68	(0.02)
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	0.15	1.24	0.04
Net income from discontinued operations	—	0.19	0.27
Gain on sale of discontinued operations	0.14	1.64	0.15
Gain on sale of real estate	1.71	—	—
Depreciable real estate reserves	(0.19)	—	—
Net income attributable to SLGOP common unitholders	\$2.71	\$5.25	\$1.10
Diluted earnings per unit:			
Income from continuing operations before gains on sale and discontinued operations	\$0.51	\$1.52	\$0.66
Purchase price fair value adjustment	0.39	0.65	(0.03)
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	0.15	1.24	0.04
Net income from discontinued operations	—	0.19	0.27
Gain on sale of discontinued operations	0.14	1.63	0.16
Gain on sale of real estate	1.70	—	—
Depreciable real estate reserves	(0.19)	—	—
Net income attributable to SLGOP common unitholders	\$2.70	\$5.23	\$1.10
Basic weighted average common units outstanding	103,244	99,288	95,004
Diluted weighted average common units and common unit equivalents outstanding	103,734	99,696	95,266

The accompanying notes are an integral part of these consolidated financial statements.

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SL Green Operating Partnership, L.P.
 Consolidated Statements of Comprehensive Income
 (in thousands)

	Year Ended December 31,		
	2015	2014	2013
Net income	\$317,459	\$545,863	\$151,283
Other comprehensive income (loss):			
Change in net unrealized (loss) gain on derivative instruments, including SLGOP's share of joint venture net unrealized (loss) gain on derivative instruments	(1,229	) 10,643	13,490
Change in unrealized (loss) gain on marketable securities	(607	) (2,237	) 1,497
Other comprehensive (loss) income	(1,836	) 8,406	14,987
Comprehensive income	315,623	554,269	166,270
Net income attributable to noncontrolling interests	(15,843	) (6,590	) (10,629
Other comprehensive income (loss) attributable noncontrolling interests	67	(175	) (611
Comprehensive income attributable to SLGOP	\$299,847	\$547,504	\$155,030

The accompanying notes are an integral part of these consolidated financial statements.

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SL Green Operating Partnership, L.P.
Consolidated Statement of Capital
(in thousands, except per unit data)

	SL Green Operating Partnership Unitholders						
	Series C Preferred Units	Series I Preferred Units	Common Units	Common Unitholders	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total
Balance at December 31, 2012	\$ 180,340	\$ 221,965	91,250	\$ 6,047,084	\$(29,587)	\$ 487,301	\$ 6,907,103
Net income				135,371		10,629	146,000
Other comprehensive income					14,376		14,376
Preferred distributions				(21,881)			(21,881)
Conversion of common units			239	17,287			17,287
DRSPP proceeds				67			67
Redemption of preferred units	(180,340)			(12,160)			(192,500)
Reallocation of noncontrolling interests in the operating partnership				(45,618)			(45,618)
Preferred units issuance costs		(33)					(33)
Deferred compensation plan and stock award, net			135	166			166
Amortization of deferred compensation plan				26,329			26,329
Contributions to consolidated joint venture interests						8,164	8,164
Contributions—net proceeds from common stock offering			3,062	290,699			290,699
Contributions—treasury shares			83	7,120			7,120
Contributions—proceeds from stock options exercised			224	12,904			12,904
Distributions to noncontrolling interests						(14,623)	(14,623)
Cash distribution declared (\$1.49 per common unit, none of which represented a return of capital for federal income tax purposes)				(138,684)			(138,684)
Balance at December 31, 2013 —		221,932	94,993	6,318,684	(15,211)	491,471	7,016,876
Net income				518,056		6,590	524,646
Other comprehensive income					8,231		8,231
Preferred distributions				(14,952)			(14,952)
Conversion of common units			315	31,653			31,653
DRSPP proceeds				64			64
Reallocation of noncontrolling interests in the operating				(168,439)			(168,439)

partnership									
Deferred compensation plan and stock award, net	15	(1,514	)			(1,514)	
Amortization of deferred compensation plan		29,749				29,749			
Contribution to consolidated joint venture interests					30,800	30,800			
Contributions - net proceeds from common stock offering	1,654	185,321				185,321			
Contributions - proceeds from stock options exercised	348	25,211				25,211			
Cash distributions to noncontrolling interests					(7,019)	(7,019)	
Cash distribution declared (\$2.10 per common unit, none of which represented a return of capital for federal income tax purposes)				(201,411)		(201,411)	
Balance at December 31, 2014 —	221,932	97,325	6,722,422	(6,980	)	521,842	7,459,216	
Net income			284,084			15,843	299,927		
Acquisition of subsidiary interest from noncontrolling interest			(9,566)		(11,084)	(20,650)
Other comprehensive (loss)				(1,769)		(1,769)	
Preferred distributions			(14,952)			(14,952)	
Conversion of common units	483	55,697				55,697			
DRSPP proceeds	776	99,555				99,555			
Reallocation of capital account relating to sale					(10,143)	(10,143)	
Reallocation of noncontrolling interests in the operating partnership			20,915			20,915			
Deferred compensation plan and stock award, net	168	(2,982	)			(2,982)	
Amortization of deferred compensation plan		26,721				26,721			
Contribution to consolidated joint venture interests					35,178	35,178			
Contributions - net proceeds from common stock offering	1,007	126,989				126,989			
Contributions - proceeds from stock options exercised	217	16,362				16,362			
Cash distributions to noncontrolling interests					(119,784)	(119,784)	

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SL Green Operating Partnership, L.P.
 Consolidated Statement of Capital
 (in thousands, except per unit data)

	SL Green Operating Partnership Unitholders Partners' Interest							
	Series C Preferred Units	Series I Preferred Units	Common Units	Common Unitholders	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total	
Cash distributions declared (\$2.52 per common unit, none of which represented a return of capital for federal income tax purposes)				(250,963)			(250,963)	
Balance at December 31, 2015	\$ —	\$ 221,932	99,976	\$ 7,074,282	\$ (8,749)	\$ 431,852	\$ 7,719,317	

The accompanying notes are an integral part of these consolidated financial statements.

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SL Green Operating Partnership, L.P.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Operating Activities			
Net income	\$317,459	\$545,863	151,283
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	588,238	400,001	357,599
Equity in net income from unconsolidated joint ventures	(13,028)	) (26,537	) (9,921
Distributions of cumulative earnings from unconsolidated joint ventures	40,759	28,859	34,997
Equity in net gain on sale of interest in unconsolidated joint venture interest/real estate	(15,844)	) (123,253	) (3,601
Purchase price fair value adjustment	(40,078)	) (71,446	) 2,305
Depreciable real estate reserves	19,226	—	2,150
Gain on sale of real estate	(175,974)) —	—
Gain on sale of discontinued operations	(14,122)	) (163,059	) (14,900
Gain on sale of investment in marketable securities	—	(3,895)) —
Loss on early extinguishment of debt	49	32,365	10,963
Deferred rents receivable	(136,924)	) (56,362	) (56,739
Other non-cash adjustments	(20,671)	) (28,559	) (37,843
Changes in operating assets and liabilities:			
Restricted cash—operations	11,289	861	2,037
Tenant and other receivables	(6,405)	) 1,978	(7,570
Related party receivables	1,278	(3,673)	) (917
Deferred lease costs	(61,005)	) (53,333	) (52,228
Other assets	18,501	9,340	2,904
Accounts payable, accrued expenses and other liabilities and security deposits	8,634	(7,796)	) (1,473
Deferred revenue and land leases payable	5,102	9,027	7,157
Net cash provided by operating activities	526,484	490,381	386,203
Investing Activities			
Acquisitions of real estate property	(2,653,311)	) (1,039,530	) (594,595
Additions to land, buildings and improvements	(406,442)	) (369,887	) (196,571
Escrowed cash—capital improvements/acquisition deposits/deferred purchase price	(101,000)	) (8,461	) (7,672
Investments in unconsolidated joint ventures	(161,712)	) (382,010	) (150,274
Distributions in excess of cumulative earnings from unconsolidated joint ventures	98,639	236,181	42,720
Net proceeds from disposition of real estate/joint venture interest	1,216,785	820,599	227,615
Proceeds from sale of marketable securities	1,426	8,248	2,370
Purchases of marketable securities	(7,769)	) (14,364	) (11,493
Other investments	(15,806)	) (7,448	) (43,163
Origination of debt and preferred equity investments	(756,939)	) (617,090	) (555,137
Repayments or redemption of debt and preferred equity investments	520,218	576,927	657,765

Net cash used in investing activities	(2,265,911)	(796,835)	(628,435)
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Table of ContentsSL Green Operating Partnership, L.P.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Financing Activities			
Proceeds from mortgages and other loans payable	\$1,849,293	\$2,151,603	\$1,257,172
Repayments of mortgages and other loans payable	(781,236)	(2,201,999)	(1,085,220)
Proceeds from revolving credit facility, term loan and senior unsecured notes	2,515,000	1,908,000	1,164,000
Repayments of revolving credit facility, term loan and senior unsecured notes	(1,706,007)	(1,386,588)	(1,020,215)
Payments of debt extinguishment costs	—	(50,150)	—
Proceeds from stock options exercised and DRIP issuance	115,917	25,275	12,971
Net proceeds from sale of common stock	124,761	185,321	290,699
Redemption of preferred units	(200)	(2,000)	(192,533)
Purchases of treasury stock	—	—	7,120
Distributions to noncontrolling interests in other partnerships	(119,784)	(7,019)	(14,623)
Contributions from noncontrolling interests in other partnerships	12,674	30,675	8,164
Distributions paid on common and preferred units	(267,088)	(214,823)	(152,553)
Other obligations related to mortgage loan participations	25,000	—	—
Deferred loan costs and capitalized lease obligation	(54,913)	(57,124)	(16,042)
Net cash provided by financing activities	1,713,417	381,171	258,940
Net (decrease) increase in cash and cash equivalents	(26,010)	74,717	16,708
Cash and cash equivalents at beginning of year	281,409	206,692	189,984
Cash and cash equivalents at end of period	\$255,399	\$281,409	\$206,692
Supplemental cash flow disclosures:			
Interest paid	\$345,110	\$348,230	\$325,903
Income taxes paid	\$3,882	\$4,056	\$2,666
Supplemental Disclosure of Non-Cash Investing and Financing Activities:			
Issuance of common stock as deferred compensation	\$243	\$1,601	\$164
Issuance of units in the operating partnership	30,506	56,469	24,750
Redemption of units in the operating partnership	55,697	31,653	17,287
Derivative instruments at fair value	1,816	11,230	636
Exchange of debt investment for equity in joint venture	10,151	—	—
Transfer of restricted cash to operating cash and cash equivalents as a result of sale	21,578	—	—
Acquisition of subsidiary interest from noncontrolling interest	20,630	—	—
Issuance of common stock relating to the real estate acquisition	2,228	—	—
Issuance of preferred units relating to the real estate acquisition	211,601	—	—
Tenant improvements and capital expenditures payable	7,755	9,408	502
Mortgage assigned to joint venture	—	150,000	—
Fair value adjustment to noncontrolling interest in the operating partnership	20,915	168,439	45,618

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Assumption of mortgage loan	112,795	16,000	84,642
Investment in Joint Venture	—	88,957	—
Capital lease assets	20,000	—	9,992
Reclass of development costs from other assets to real estate	47,519	—	—
Deconsolidation of a subsidiary	27,435	112,095	—
Transfer of assets to assets held for sale	34,981	462,430	—
Transfer of liabilities related to assets held for sale	29,000	266,873	—
Transfer of financing receivable to debt investment	—	19,675	—
Deferred leasing payable	7,832	8,667	5,024
Consolidation of real estate investment	158,566	1,316,591	90,934
Removal of fully depreciated commercial real estate properties	241,910	—	—
Issuance of preferred units (Stonehenge)	—	27,565	—

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SL Green Operating Partnership, L.P.
 Consolidated Statements of Cash Flows
 (in thousands)

	Year Ended December 31,		
	2015	2014	2013
Issuance of SLG's common stock to a consolidated joint venture	10,000	—	—
Contribution to consolidated joint venture by noncontrolling interest	22,504	—	—

In December 2015, 2014 and 2013, SLGOP declared quarterly distributions per common unit of \$0.72, \$0.60 and \$0.50, respectively. These distributions were paid in January 2016, 2015 and 2014, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements
December 31, 2015

1. Organization and Basis of Presentation

SL Green Realty Corp., which is referred to as the Company or SL Green, a Maryland corporation, and SL Green Operating Partnership, L.P., which is referred to as SLGOP or the Operating Partnership, a Delaware limited partnership, were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities. The Operating Partnership received a contribution of interest in the real estate properties, as well as 95% of the economic interest in the management, leasing and construction companies which are referred to as the Service Corporation, a consolidated variable interest entity. All of the management, leasing and construction services that are provided to the properties that are wholly-owned by us and that are provided to certain joint ventures are conducted through SL Green Management LLC which is 100% owned by the Operating Partnership. The Company has qualified, and expects to qualify in the current fiscal year, as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code, and operates as a self-administered, self-managed REIT. A REIT is a legal entity that holds real estate interests and, through payments of dividends to stockholders, is permitted to minimize the payment of Federal income taxes at the corporate level. Unless the context requires otherwise, all references to "we," "our" and "us" means the Company and all entities owned or controlled by the Company, including the Operating Partnership.

Substantially all of our assets are held by, and all of our operations are conducted through, the Operating Partnership. The Company is the sole managing general partner of the Operating Partnership. As of December 31, 2015, noncontrolling investors held, in the aggregate, a 3.61% limited partnership interest in the Operating Partnership. We refer to these interests as the noncontrolling interests in the Operating Partnership. See Note 11, "Noncontrolling Interests on the Company's Consolidated Financial Statements."

Reckson Associates Realty Corp., or Reckson, and Reckson Operating Partnership, L.P., or ROP, are wholly-owned subsidiaries of SL Green Realty Corp.

As of December 31, 2015, we owned the following interests in properties in the New York Metropolitan area, primarily in midtown Manhattan. Our investments in the New York Metropolitan area also include investments in Brooklyn, Long Island, Westchester County, Connecticut and New Jersey, which are collectively known as the Suburban properties:

Location	Property Type	Consolidated		Unconsolidated		Total		Weighted Average Occupancy(1)	(unaudited)
		Number of Properties (unaudited)	Approximate Square Feet (unaudited)	Number of Properties	Approximate Square Feet (unaudited)	Number of Properties	Approximate Square Feet (unaudited)		
Commercial:									
Manhattan	Office	27	21,003,606	5	3,024,981	32	24,028,587	94.2	%
	Retail	9	(2) 408,993	9	347,970	18	756,963	89.1	%
	Development/Redevelopment	3	42,635	4	1,952,782	7	1,995,417	59.0	%
	Fee Interest	2	783,530	—	—	2	783,530	100.0	%
		41	22,238,764	18	5,325,733	59	27,564,497	91.7	%
Suburban	Office	26	4,235,300	3	705,641	29	4,940,941	79.0	%
	Retail	1	52,000	—	—	1	52,000	100.0	%
	Development/Redevelopment	1	1,000	1	—	2	1,000	100.0	%
		28	4,288,300	4	705,641	32	4,993,941	79.2	%
Total commercial properties		69	26,527,064	22	6,031,374	91	32,558,438	89.8	%
Residential:									

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Manhattan Residential	4	(2) 762,587	17	2,193,424	21	2,956,011	94.2	%
Suburban Residential	1	(3) 66,611	—	—	1	66,611	94.4	%
Total residential properties	5	829,198	17	2,193,424	22	3,022,622	94.2	%
Total portfolio	74	27,356,262	39	8,224,798	113	35,581,060	90.1	%

The weighted average occupancy for commercial properties represents the total occupied square feet divided by (1) total available rentable square feet. The weighted average occupancy for residential properties represents the total occupied units divided by total available units.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

As of December 31, 2015, we owned a building that was comprised of approximately 270,132 square feet (unaudited) of retail space and approximately 222,855 square feet (unaudited) of residential space. For the purpose of this report, we have included the building in the retail properties count and have bifurcated the square footage into the retail and residential components.

(3) This property was held for sale as of December 31, 2015. In February 2016, the property was sold.

As of December 31, 2015, we also managed an approximately 336,000 square foot (unaudited) office building owned by a third party and held debt and preferred equity investments with a book value of \$1.7 billion.

Partnership Agreement

In accordance with the partnership agreement of the Operating Partnership, or the Operating Partnership Agreement, we allocate all distributions and profits and losses in proportion to the percentage of ownership interests of the respective partners. As the managing general partner of the Operating Partnership, we are required to take such reasonable efforts, as determined by us in our sole discretion, to cause the Operating Partnership to distribute sufficient amounts to enable the payment of sufficient dividends by us to minimize any Federal income or excise tax at the Company level. Under the Operating Partnership Agreement, each limited partner has the right to redeem units of limited partnership interests for cash, or if we so elect, shares of SL Green's common stock on a one-for-one basis.

2. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries, which are wholly-owned or controlled by us. Entities which we do not control through our voting interest and entities which are variable interest entities, but where we are not the primary beneficiary, are accounted for under the equity method or as debt and preferred equity investments. See Note 5, "Debt and Preferred Equity Investments" and Note 6, "Investments in Unconsolidated Joint Ventures." All significant intercompany balances and transactions have been eliminated. We consolidate a variable interest entity, or VIE, in which we are considered the primary beneficiary. The primary beneficiary is the entity that has (i) the power to direct the activities that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. Included in commercial real estate properties on our consolidated balance sheets as of December 31, 2015 and 2014 are \$200.7 million and \$198.4 million, respectively, related to our consolidated VIEs. Included in mortgages and other loans payable on our consolidated balance sheets as of December 31, 2015 and 2014 are \$104.5 million and \$106.5 million, respectively, related to our consolidated VIEs. As of December 31, 2015, assets held for sale and liabilities related to assets held for sale on the consolidated balance sheets did not include amounts related to consolidated VIEs. As of December 31, 2014, assets held for sale and liabilities related to assets held for sale on the consolidated balance sheets included \$445.0 million of commercial real estate and \$253.9 million of mortgage related to the consolidated VIEs.

A noncontrolling interest in a consolidated subsidiary is defined as the portion of the equity (net assets) in a subsidiary not attributable, directly or indirectly, to us. Noncontrolling interests are required to be presented as a separate component of equity in the consolidated balance sheet and the presentation of net income is modified to present earnings and other comprehensive income attributed to controlling and noncontrolling interests.

We assess the accounting treatment for each joint venture and debt and preferred equity investment. This assessment includes a review of each joint venture or limited liability company agreement to determine which party has what rights and whether those rights are protective or participating. For all VIEs, we review such agreements in order to determine which party has the power to direct the activities that most significantly impact the entity's economic performance. In situations where we and our partner approve, among other things, the annual budget, receive a detailed monthly reporting package, meet on a quarterly basis to review the results of the joint venture, review and approve the joint venture's tax return before filing, and approve all leases that cover more than a nominal amount of space relative to the total rentable space at each property, we do not consolidate the joint venture as we consider these to be substantive participation rights that result in shared power of the activities that most significantly impact the

performance of the joint venture. Our joint venture agreements typically contain certain protective rights such as requiring partner approval to sell, finance or refinance the property and the payment of capital expenditures and operating expenditures outside of the approved budget or operating plan.

Investment in Commercial Real Estate Properties

Real estate properties are presented at cost less accumulated depreciation and amortization. Costs directly related to the development or redevelopment of properties are capitalized. Ordinary repairs and maintenance are expensed as incurred; major

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

A property to be disposed of is reported at the lower of its carrying value or its estimated fair value, less its cost to sell. Once an asset is held for sale, depreciation expense is no longer recorded. The Company adopted ASU 2014-08 effective January 1, 2015. As a result, the Company classified 248-252 Bedford Avenue as held for sale as of December 31, 2015, 570 & 574 Fifth Avenue and 140-150 Grand Street in White Plains, New York as held for sale as of September 30, 2015, and 131-137 Spring Street and 120 West 45th Street as of June 30, 2015 and included the results of operations in continuing operations for all periods presented. Discontinued operations included the results of operations of real estate assets sold or held for sale prior to January 1, 2015. This included 180 Maiden Lane, which was held for sale at December 31, 2014 and sold in January 2015, and 2 Herald Square, 985-987 Third Avenue and 673 First Avenue, which were sold during 2014.

See Note 4, "Properties Held for Sale and Dispositions."

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Category	Term
Building (fee ownership)	40 years
Building improvements	shorter of remaining life of the building or useful life
Building (leasehold interest)	lesser of 40 years or remaining term of the lease
Property under capital lease	remaining lease term
Furniture and fixtures	four to seven years
Tenant improvements	shorter of remaining term of the lease or useful life

Depreciation expense (including amortization of the capital lease asset) amounted to \$523.8 million, \$338.8 million and \$296.5 million for the years ended December 31, 2015, 2014 and 2013, respectively. Included in 2015 is \$131.8 million of accelerated depreciation expense related to vacating the properties that comprise the One Vanderbilt development site.

On a periodic basis, we assess whether there are any indications that the value of our real estate properties may be other than temporarily impaired or that their carrying value may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted and without interest charges for consolidated properties) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the calculated fair value of the property.

We also evaluate our real estate properties for potential impairment when a real estate property has been classified as held for sale. Real estate assets held for sale are valued at the lower of either their carrying value or fair value less costs to sell. Except as discussed below, we do not believe that there were any indicators of impairment at any of our consolidated properties at December 31, 2015.

During the three months ended September 30, 2015, we recorded a \$19.2 million charge in connection with the sale of two of our properties, which closed in the fourth quarter of 2015. This charge is included in depreciable real estate reserves in the consolidated statements of operations. Prior to the quarter ended September 30, 2015, we do not believe that there were any indicators of impairment at these two properties. See Note 4, "Properties Held for Sale and Property Dispositions."

During the fourth quarter of 2015, we entered into an agreement to sell 885 Third Avenue and recorded a \$6.6 million charge which was included in gain on sale of real estate, net in the consolidated statement of operations. As of December 31, 2015, 885 Third Avenue was not reclassified as held for sale as a result of not meeting the criteria in ASC 360-10, Property, Plant and Equipment - Impairment and Disposal of Long-Lived Assets. In February 2016, we closed on the sale of this property but do not anticipate meeting the criteria for the full accrual method in ASC 360-20, Property, Plant and Equipment - Real Estate Sales and as a result the property will remain on our consolidated balance

sheet until the criteria is met.

We incur a variety of costs in the development and leasing of our properties. After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgment. The costs of land and building under development include specifically identifiable costs. The capitalized costs include, but are not limited to, pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. We consider a construction project as substantially completed and held

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

available for occupancy upon the completion of tenant improvements, but no later than one year after major construction activity ceases. We cease capitalization on the portions substantially completed and occupied or held available for occupancy, and capitalize only those costs associated with the portions under construction.

Results of operations of properties acquired are included in the consolidated statements of operations from the date of acquisition.

We recognize the assets acquired, liabilities assumed (including contingencies) and any noncontrolling interests in an acquired entity at their fair values on the acquisition date. We expense transaction costs related to the acquisition of certain assets as incurred, which are included in transaction related costs on our consolidated statements of operations. When we acquire our partner's equity interest in an existing unconsolidated joint venture and gain control over the investment, we record the consolidated investment at fair value. The difference between the book value of our equity investment on the purchase date and our share of the fair value of the investment's purchase price is recorded as a purchase price fair value adjustment in our consolidated statements of operations. In December 2015, we recognized a purchase price fair value adjustment of \$40.1 million in connection with the consolidation of 600 Lexington Avenue. In May 2014, we recognized a purchase price fair value adjustment of \$71.4 million in connection with the consolidation of 388-390 Greenwich Street. These acquisitions were previously accounted for as investments in unconsolidated joint ventures.

We allocate the purchase price of real estate to land and building (inclusive of tenant improvements) and, if determined to be material, intangibles, such as the value of above- and below-market leases and origination costs associated with the in-place leases. We depreciate the amount allocated to building (inclusive of tenant improvements) over their estimated useful lives, which generally range from three to 40 years. We amortize the amount allocated to the above- and below-market leases over the remaining term of the associated lease, which generally range from one to 14 years, and record it as either an increase (in the case of below-market leases) or a decrease (in the case of above-market leases) to rental income. We amortize the amount allocated to the values associated with in-place leases over the expected term of the associated lease, which generally ranges from one to 14 years. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off. The tenant improvements and origination costs are amortized as an expense over the remaining life of the lease (or charged against earnings if the lease is terminated prior to its contractual expiration date). We assess fair value of the leases based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property. To the extent acquired leases contain fixed rate renewal options that are below-market and determined to be material, we amortize such below-market lease value into rental income over the renewal period. As of December 31, 2015, the weighted average amortization period for above-market leases, below-market leases, and in-place lease costs is 7.0 years, 20.1 years, and 21.7 years, respectively.

We recognized \$38.7 million, \$23.3 million, and \$18.8 million of rental revenue for the years ended December 31, 2015, 2014, and 2013 respectively, for the amortization of aggregate below-market leases in excess of above-market leases and a reduction in lease origination costs, resulting from the allocation of the purchase price of the applicable properties. The increase in rental revenue for the years ended December 31, 2013 is net of \$6.8 million resulting from the write-off of balances associated with a former tenant. Excluding this non-recurring charge, we recognized an increase of \$25.6 million in rental revenue for the year ended December 31, 2013 for the amortization of aggregate below-market leases in excess of above-market leases and reductions in lease origination costs. We recognized as a reduction to interest expense the amortization of the above-market rate mortgages assumed of \$2.3 million, \$5.0 million, and \$5.0 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The following summarizes our identified intangible assets (acquired above-market leases and in-place leases) and intangible liabilities (acquired below-market leases) as of December 31, 2015 and 2014 (in thousands):

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

	December 31, 2015	2014	
Identified intangible assets (included in other assets):			
Gross amount	\$939,518	\$664,297	
Accumulated amortization	(403,747	) (383,236)
Net ⁽¹⁾	\$535,771	\$281,061	
Identified intangible liabilities (included in deferred revenue):			
Gross amount	\$866,561	\$655,755	
Accumulated amortization	(486,928	) (483,948)
Net ⁽¹⁾	\$379,633	\$171,807	

(1) As of December 31, 2015, \$0.2 million and \$0.1 million of net intangible assets and net intangible liabilities, respectively, were reclassified to assets held for sale and liabilities related to assets held for sale.

The estimated annual amortization of acquired above-market leases, net of acquired (below-market) leases (a component of rental revenue), for each of the five succeeding years is as follows (in thousands):

2016	\$4,002
2017	2,129
2018	439
2019	(376)
2020	(595)

The estimated annual amortization of all other identifiable assets (a component of depreciation and amortization expense) including tenant improvements for each of the five succeeding years is as follows (in thousands):

2016	\$9,931
2017	8,507
2018	7,207
2019	6,706
2020	6,453

Cash and Cash Equivalents

We consider all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Fair Value Measurements

See Note 17, "Fair Value Measurements."

Investment in Marketable Securities

We designate a security as held-to-maturity, available-for-sale, or trading at acquisition. As of December 31, 2015, we did not have any securities designated as held-to-maturity or trading. We account for our available-for-sale securities at fair value pursuant to Accounting Standards Codification, or ASC, 820-10, with the net unrealized gains or losses reported as a component of accumulated other comprehensive income or loss. Any unrealized losses that are determined to be other-than-temporary are recognized in earnings up to their credit component.

The cost of bonds and marketable securities sold is determined using the specific identification method.

At December 31, 2015 and 2014, we held the following marketable securities (in thousands):

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

	December 31,	
	2015	2014
Equity marketable securities	\$4,704	\$4,332
Mortgage-backed securities	40,434	35,097
Total marketable securities available-for-sale	\$45,138	\$39,429

The cost basis of the commercial mortgage-backed securities was \$38.7 million and \$32.4 million at December 31, 2015 and 2014, respectively. These securities mature at various times through 2049.

During the year ended December 31, 2014, we disposed of marketable securities for aggregate net proceeds of \$4.4 million and realized gains of \$3.9 million, which is included in gain on sale of investment in marketable securities on the consolidated statements of operations. We did not sell any of our marketable securities during the year ended December 31, 2015.

Investments in Unconsolidated Joint Ventures

We account for our investments in unconsolidated joint ventures under the equity method of accounting in cases where we exercise significant influence over, but do not control, these entities and are not considered to be the primary beneficiary. We consolidate those joint ventures that we control or which are VIEs and where we are considered to be the primary beneficiary. In all these joint ventures, the rights of the joint venture partner are both protective as well as participating. Unless we are determined to be the primary beneficiary in a VIE, these participating rights preclude us from consolidating these VIE entities. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions. Equity in net income (loss) from unconsolidated joint ventures is allocated based on our ownership or economic interest in each joint venture. When a capital event (as defined in each joint venture agreement) such as a refinancing occurs, if return thresholds are met, future equity income will be allocated at our increased economic interest. We recognize incentive income from unconsolidated real estate joint ventures as income to the extent it is earned and not subject to a clawback feature. Distributions we receive from unconsolidated real estate joint ventures in excess of our basis in the investment are recorded as offsets to our investment balance if we remain liable for future obligations of the joint venture or may otherwise be committed to provide future additional financial support. None of the joint venture debt is recourse to us, except for \$18.4 million, which we guarantee at one joint venture, and performance guarantees under master leases at two other joint ventures. See Note 6, "Investments in Unconsolidated Joint Ventures."

We assess our investments in unconsolidated joint ventures for recoverability, and if it is determined that a loss in value of the investment is other than temporary, we write down the investment to its fair value. We evaluate our equity investments for impairment based on the joint venture's projected discounted cash flows. We do not believe that the values of any of our equity investments were impaired at December 31, 2015.

We may originate loans for real estate acquisition, development and construction, where we expect to receive some of the residual profit from such projects. When the risk and rewards of these arrangements are essentially the same as an investor or joint venture partner, we account for these arrangements as real estate investments under the equity method of accounting for investments. Otherwise, we account for these arrangements consistent with our loan accounting for our debt and preferred equity investments.

Restricted Cash

Restricted cash primarily consists of security deposits held on behalf of our tenants, interest reserves, as well as capital improvement and real estate tax escrows required under certain loan agreements.

Deferred Lease Costs

Deferred lease costs consist of fees and direct costs incurred to initiate and renew operating leases and are amortized on a straight-line basis over the related lease term. Certain of our employees provide leasing services to the wholly-owned properties. For the years ended December 31, 2015, 2014 and 2013, \$15.4 million, \$15.1 million and \$12.4 million of their compensation, respectively, was capitalized and is amortized over an estimated average lease

term of seven years.

Deferred Financing Costs

Deferred financing costs represent commitment fees, legal, title and other third party costs associated with obtaining commitments for financing which result in a closing of such financing. These costs are amortized over the terms of the respective agreements. Unamortized deferred financing costs are expensed when the associated debt is refinanced or repaid before maturity. Costs incurred in seeking financing transactions, which do not close, are expensed in the period in which it is determined that the financing will not close.

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Revenue Recognition

Rental revenue is recognized on a straight-line basis over the term of the lease. Rental revenue recognition commences when the tenant takes possession or controls the physical use of the leased space. In order for the tenant to take possession, the leased space must be substantially ready for its intended use. To determine whether the leased space is substantially ready for its intended use, management evaluates whether we are or the tenant is the owner of tenant improvements for accounting purposes. When management concludes that we are the owner of tenant improvements, rental revenue recognition begins when the tenant takes possession of the finished space, which is when such tenant improvements are substantially complete. In certain instances, when management concludes that we are not the owner (the tenant is the owner) of tenant improvements, rental revenue recognition begins when the tenant takes possession of or controls the space. When management concludes that we are the owner of tenant improvements for accounting purposes, we record amounts funded to construct the tenant improvements as a capital asset. For these tenant improvements, we record amounts reimbursed by tenants as a reduction of the capital asset. When management concludes that the tenant is the owner of tenant improvements for accounting purposes, we record our contribution towards those improvements as a lease incentive, which is included in deferred costs, net on our consolidated balance sheets and amortized as a reduction to rental revenue on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rents receivable on the consolidated balance sheets. We establish, on a current basis, an allowance for future potential tenant credit losses, which may occur against this account. The balance reflected on the consolidated balance sheets is net of such allowance.

In addition to base rent, our tenants also generally will pay their pro rata share of increases in real estate taxes and operating expenses for the building over a base year. In some leases, in lieu of paying additional rent based upon increases in building operating expenses, the tenant will pay additional rent based upon increases in the wage rate paid to porters over the porters' wage rate in effect during a base year or increases in the consumer price index over the index value in effect during a base year. In addition, many of our leases contain fixed percentage increases over the base rent to cover escalations. Electricity is most often supplied by the landlord either on a sub-metered basis, or rent inclusion basis (i.e., a fixed fee is included in the rent for electricity, which amount may increase based upon increases in electricity rates or increases in electrical usage by the tenant). Base building services other than electricity (such as heat, air conditioning and freight elevator service during business hours, and base building cleaning) are typically provided at no additional cost, with the tenant paying additional rent only for services which exceed base building services or for services which are provided outside normal business hours. These escalations are based on actual expenses incurred in the prior calendar year. If the expenses in the current year are different from those in the prior year, then during the current year, the escalations will be adjusted to reflect the actual expenses for the current year. We record a gain on sale of real estate when title is conveyed to the buyer, subject to the buyer's financial commitment being sufficient to provide economic substance to the sale and provided that we have no substantial economic involvement with the buyer.

Interest income on debt and preferred equity investments is accrued based on the outstanding principal amount and contractual terms of the instruments and when, in the opinion of management, it is deemed collectible. Some debt and preferred equity investments provide for accrual of interest at specified rates, which differ from current payment terms. Interest is recognized on such loans at the accrual rate subject to management's determination that accrued interest is ultimately collectible, based on the underlying collateral and operations of the borrower. If management cannot make this determination, interest income above the current pay rate is recognized only upon actual receipt. Deferred origination fees, original issue discounts and loan origination costs, if any, are recognized as an adjustment to the interest income over the terms of the related investments using the effective interest method. Fees received in connection with loan commitments are also deferred until the loan is funded and are then recognized over the term of the loan as an adjustment to yield. Discounts or premiums associated with the purchase of loans are amortized or accreted into interest income as a yield adjustment on the effective interest method based on expected cashflows

through the expected maturity date of the related investment. If we purchase a debt or preferred equity investment at a discount, intend to hold it until maturity and expect to recover the full value of the investment, we accrete the discount into income as an adjustment to yield over the term of the investment. If we purchase a debt or preferred equity investment at a discount with the intention of foreclosing on the collateral, we do not accrete the discount. For debt investments acquired at a discount for credit quality, the difference between contractual cash flows and expected cash flows at acquisition is not accreted. Anticipated exit fees, the collection of which is expected, are also recognized over the term of the loan as an adjustment to yield.

Debt and preferred equity investments are placed on a non-accrual status at the earlier of the date at which payments become 90 days past due or when, in the opinion of management, a full recovery of interest income becomes doubtful. Interest income recognition on any non-accrual debt or preferred equity investment is resumed when such non-accrual debt or preferred equity

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investment becomes contractually current and performance is demonstrated to be resumed. Interest is recorded as income on impaired loans only to the extent cash is received.

We may syndicate a portion of the loans that we originate or sell the loans individually. When a transaction meets the criteria for sale accounting, we derecognize the loan sold and recognize gain or loss based on the difference between the sales price and the carrying value of the loan sold. Any related unamortized deferred origination fees, original issue discounts, loan origination costs, discounts or premiums at the time of sale are recognized as an adjustment to the gain or loss on sale, which is included in investment income on the consolidated statement of income. Any fees received at the time of sale or syndication are recognized as part of investment income.

Asset management fees are recognized on a straight-line basis over the term of the asset management agreement.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our tenants to make required payments. If the financial condition of a specific tenant were to deteriorate, resulting in an impairment of its ability to make payments, additional allowances may be required.

Reserve for Possible Credit Losses

The expense for possible credit losses in connection with debt and preferred equity investments is the charge to earnings to increase the allowance for possible credit losses to the level that we estimate to be adequate, based on Level 3 data, considering delinquencies, loss experience and collateral quality. Other factors considered include geographic trends, product diversification, the size of the portfolio and current economic conditions. Based upon these factors, we establish a provision for possible credit loss on each individual investment. When it is probable that we will be unable to collect all amounts contractually due, the investment is considered impaired.

Where impairment is indicated on an investment that is held to maturity, a valuation allowance is measured based upon the excess of the recorded investment amount over the net fair value of the collateral. Any deficiency between the carrying amount of an asset and the calculated value of the collateral is charged to expense. We continue to assess or adjust our estimates based on circumstances of a loan and the underlying collateral. If additional information reflects increased recovery of our investment, we will adjust our reserves accordingly. There were no loan reserves recorded during years ended December 31, 2015, 2014, and 2013.

Debt and preferred equity investments held for sale are carried at the lower of cost or fair market value using available market information obtained through consultation with dealers or other originators of such investments as well as discounted cash flow models based on Level 3 data pursuant to ASC 820-10. As circumstances change, management may conclude not to sell an investment designated as held for sale. In such situations, the investment will be reclassified at its net carrying value to debt and preferred equity investments held to maturity. For these reclassified investments, the difference between the current carrying value and the expected cash to be collected at maturity will be accreted into income over the remaining term of the investment.

Rent Expense

Rent expense is recognized on a straight-line basis over the initial term of the lease. The excess of the rent expense recognized over the amounts contractually due pursuant to the underlying lease is included in the deferred land lease payable on the consolidated balance sheets.

Underwriting Commissions and Costs

Underwriting commissions and costs incurred in connection with our stock offerings are reflected as a reduction of additional paid-in-capital.

Exchangeable Debt Instruments

The initial proceeds from exchangeable debt that may be settled in cash, including partial cash settlements, are bifurcated between a liability component and an equity component associated with the embedded conversion option. The objective of the accounting guidance is to require the liability and equity components of exchangeable debt to be separately accounted for in a manner such that the interest expense on the exchangeable debt is not recorded at the stated rate of interest but rather at an effective rate that reflects the issuer's conventional debt borrowing rate at the

date of issuance. We calculate the liability component of exchangeable debt based on the present value of the contractual cash flows discounted at our comparable market conventional debt borrowing rate at the date of issuance. The difference between the principal amount and the fair value of the liability component is reported as a discount on the exchangeable debt that is accreted as additional interest expense from the issuance date through

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the contractual maturity date using the effective interest method. A portion of this additional interest expense may be capitalized to the development and redevelopment balances qualifying for interest capitalization each period. The liability component of the exchangeable debt is reported net of discounts on our consolidated balance sheets. We calculate the equity component of exchangeable debt based on the difference between the initial proceeds received from the issuance of the exchangeable debt and the fair value of the liability component at the issuance date. The equity component is included in additional paid-in-capital, net of issuance costs, on our consolidated balance sheets. We allocate issuance costs for exchangeable debt between the liability and the equity components based on their relative values.

Income Taxes

SL Green is taxed as a REIT under Section 856(c) of the Code. As a REIT, SL Green generally is not subject to Federal income tax. To maintain its qualification as a REIT, SL Green must distribute at least 90% of its REIT taxable income to its stockholders and meet certain other requirements. If SL Green fails to qualify as a REIT in any taxable year, SL Green will be subject to Federal income tax on SL Green's taxable income at regular corporate rates. SL Green may also be subject to certain state, local and franchise taxes. Under certain circumstances, Federal income and excise taxes may be due on SL Green's undistributed taxable income.

The Operating Partnership is a partnership and, as a result, all income and losses of the partnership are allocated to the partners for inclusion in their respective income tax returns. The only provision for income taxes included in the consolidated statements of operations relates to the Operating Partnership's consolidated taxable REIT subsidiaries. The Operating Partnership may also be subject to certain state, local and franchise taxes.

Pursuant to amendments to the Code that became effective January 1, 2001, we have elected, and may elect in the future, to treat certain of our existing or newly created corporate subsidiaries as taxable REIT subsidiaries, or TRSs. In general, TRSs may perform non-customary services for the tenants of the Company, hold assets that we cannot hold directly and generally may engage in any real estate or non-real estate related business. The TRSs generate income, resulting in Federal and state income tax liability for these entities.

During the years ended December 31, 2015, 2014 and 2013, we recorded Federal, state and local tax provisions of \$3.1 million, \$7.8 million and \$4.4 million, respectively.

We follow a two-step approach for evaluating uncertain tax positions. Recognition (step one) occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that is more-likely-than-not to be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when a company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. The use of a valuation allowance as a substitute for derecognition of tax positions is prohibited.

Stock-Based Employee Compensation Plans

We have a stock-based employee compensation plan, described more fully in Note 14, "Share-based Compensation."

The Company's stock options are recorded at fair value at the time of issuance. Fair value of the stock options is determined using the Black-Scholes option pricing model. The Black-Scholes model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because our plan has characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in our opinion, the existing models do not necessarily provide a reliable single measure of the fair value of the employee stock options.

Compensation cost for stock options, if any, is recognized over the vesting period of the award. Our policy is to grant options with an exercise price equal to the quoted closing market price of the Company's common stock on the grant date. Awards of stock or restricted stock are expensed as compensation over the benefit period based on the fair value of the stock on the grant date.

For share-based awards with a performance or market measure, we recognize compensation cost over the requisite service period, using the accelerated attribution expense method. The requisite service period begins on the date the compensation committee of SL Green's board of directors authorizes the award, adopts any relevant performance measures and communicates the award to the employees. For programs with awards that vest based on the achievement of a performance condition or market condition, we determine whether it is probable that the performance condition will be met, and estimate compensation cost based on the fair value of the award at the applicable reporting date estimated using a binomial model or market quotes. For share-based awards for which there is no pre-established performance measure, we recognize compensation cost over the service vesting period,

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which represents the requisite service period, on a straight-line basis. In accordance with the provisions of our share-based incentive compensation plans, we accept the return of shares of the Company's common stock, at the current quoted market price, from certain key employees to satisfy minimum statutory tax-withholding requirements related to shares that vested during the period.

Awards can also be made in the form of a separate series of units of limited partnership interest in the Operating Partnership called long-term incentive plan units, or LTIP units. LTIP units, which can be granted either as free-standing awards or in tandem with other awards under our stock incentive plan, are valued by reference to the value of the Company's common stock at the time of grant, and are subject to such conditions and restrictions as the compensation committee of the Company's board of directors may determine, including continued employment or service, computation of financial metrics and/or achievement of pre-established performance goals and objectives.

Derivative Instruments

In the normal course of business, we use a variety of commonly used derivative instruments, such as interest rate swaps, caps, collar and floors, to manage, or hedge, interest rate risk. Effectiveness is essential for those derivatives that we intend to qualify for hedge accounting. Some derivative instruments are associated with an anticipated transaction. In those cases, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the derivative contract.

To determine the fair values of derivative instruments, we use a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date. For the majority of financial instruments including most derivatives, long-term investments and long-term debt, standard market conventions and techniques such as discounted cash flow analysis, option pricing models, replacement cost, and termination cost are used to determine fair value. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

In the normal course of business, we are exposed to the effect of interest rate changes and limit these risks by following established risk management policies and procedures including the use of derivatives. To address exposure to interest rates, derivatives are used primarily to fix the rate on debt based on floating-rate indices and manage the cost of borrowing obligations.

We use a variety of commonly used derivative products that are considered plain vanilla derivatives. These derivatives typically include interest rate swaps, caps, collars and floors. We expressly prohibit the use of unconventional derivative instruments and using derivative instruments for trading or speculative purposes. Further, we have a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors. We may employ swaps, forwards or purchased options to hedge qualifying forecasted transactions. Gains and losses related to these transactions are deferred and recognized in net income as interest expense in the same period or periods that the underlying transaction occurs, expires or is otherwise terminated.

Hedges that are reported at fair value and presented on the balance sheet could be characterized as cash flow hedges or fair value hedges. Interest rate caps and collars are examples of cash flow hedges. Cash flow hedges address the risk associated with future cash flows of interest payments. For all hedges held by us and which were deemed to be fully effective in meeting the hedging objectives established by our corporate policy governing interest rate risk management, no net gains or losses were reported in earnings. The changes in fair value of hedge instruments are reflected in accumulated other comprehensive income. For derivative instruments not designated as hedging instruments, the gain or loss, resulting from the change in the estimated fair value of the derivative instruments, is recognized in current earnings during the period of change.

Earnings per Share of the Company

The Company presents both basic and diluted earnings per share, or EPS. Basic EPS excludes dilution and is computed by dividing net income or loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Basic EPS includes participating securities, consisting of unvested

restricted stock that receive nonforfeitable dividends similar to shares of common stock. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS amount. Diluted EPS also includes units of limited partnership interest. The dilutive effect of stock options is reflected in the weighted average diluted outstanding shares calculation by application of the treasury stock method. There is no dilutive effect for the exchangeable senior notes as the conversion premium will be paid in cash.

Earnings per Unit of the Operating Partnership

The Operating Partnership presents both basic and diluted earnings per unit, or EPU. Basic EPU excludes dilution and is computed by dividing net income or loss attributable to common unitholders by the weighted average number of common units

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outstanding during the period. Basic EPU includes participating securities, consisting of unvested restricted units that receive nonforfeitable dividends similar to shares of common units. Diluted EPU reflects the potential dilution that could occur if securities or other contracts to issue common units were exercised or converted into common units, where such exercise or conversion would result in a lower EPU amount. The dilutive effect of unit options is reflected in the weighted average diluted outstanding units calculation by application of the treasury stock method. There is no dilutive effect for the exchangeable senior notes as the conversion premium will be paid in cash.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash investments, debt and preferred equity investments and accounts receivable. We place our cash investments in excess of insured amounts with high quality financial institutions. The collateral securing our debt and preferred equity investments is located in New York City. See Note 5, "Debt and Preferred Equity Investments." We perform ongoing credit evaluations of our tenants and require most tenants to provide security deposits or letters of credit. Though these security deposits and letters of credit are insufficient to meet the total value of a tenant's lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost rent and the costs associated with re-tenanting a space. Although the properties in our real estate portfolio are primarily located in Manhattan, we also have properties located in Brooklyn, Long Island, Westchester County, Connecticut and New Jersey. The tenants located in our buildings operate in various industries. Other than three tenants, no other tenant in our portfolio accounted for more than 5.0% of our share of annualized cash rent, including our share of joint venture annualized rent, at December 31, 2015. For the year ended December 31, 2015, 10.2%, 9.4%, 7.8%, 7.5%, 7.5%, 6.4%, and 5.7% of our annualized cash rent for consolidated properties was attributable to 1515 Broadway, 388 and 390 Greenwich Street, 919 Third Avenue, 1185 Avenue of the Americas, 11 Madison Avenue, 420 Lexington Avenue, and One Madison Avenue, respectively. Annualized cash rent for all other consolidated properties was below 5.0%.

For the year ended December 31, 2014, 9.9%, 9.8%, 7.8% and 7.5% of our annualized cash rent for consolidated properties was attributable to 1515 Broadway, 388-390 Greenwich Street, 1185 Avenue of the Americas and 919 Third Avenue, respectively. For the year ended December 31, 2013, 10.6%, 7.8%, 7.7% and 6.4% of our annualized cash rent for consolidated properties was attributable to 1515 Broadway, 919 Third Avenue, 1185 Avenue of the Americas and One Madison Avenue, respectively.

As of December 31, 2015, 72.3% of our work force is covered by six collective bargaining agreements and 79.2% of our work force, which services substantially all of our properties, is covered by a collective bargaining agreement, which expires in December 2019. See Note 20, "Benefits Plans."

Reclassification

Certain prior year balances have been reclassified to conform to our current year presentation primarily to eliminate discontinued operations from income from continuing operations.

Repurchased shares are subject to state corporate laws that establish the legal status of redeemed shares and prevent them from being reported as treasury shares within the consolidated financial statements. The Company previously classified shares repurchased, under a stock repurchase plan approved by the Company's board of directors in 2007, which expired in 2008, as common shares in treasury. Additionally, the Company previously classified the tendering of shares to satisfy tax withholding requirements for RSUs granted to employees from 2010 through 2015. The aforementioned shares should have been classified as reductions of common shares, additional paid-in capital and retained earnings. The accompanying consolidated balance sheet of the Company as of December 31, 2014 and the related statements of equity for the years ended December 31, 2014, 2013, and 2012 have been revised to correct the

misclassification as follows (in thousands):

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	As Previously Reported	As Adjusted
Consolidated balance sheet and consolidated statement of equity as of December 31, 2014:		
Common shares	\$1,010	\$974
Additional paid-in capital	5,289,479	5,113,759
Treasury shares	(320,471)	—
Retained earnings	1,752,404	1,607,689
Consolidated statement of equity as of December 31, 2013:		
Common shares	\$986	\$950
Additional paid-in capital	5,015,904	4,841,800
Treasury shares	(317,356)	—
Retained earnings	1,619,150	1,475,934
Consolidated statement of equity as of December 31, 2012:		
Common shares	\$950	\$913
Additional paid-in capital	4,667,900	4,490,084
Treasury shares	(322,858)	—
Retained earnings	1,701,092	1,556,087

The reclassification of repurchased shares has no impact on the previously reported consolidated statements of operations, comprehensive income, and cash flows and was not material to the consolidated balance sheets.

The Operating Partnership previously classified the limited partners' interest in partners' capital at original cost. The limited partner's interest should have been classified as mezzanine equity at fair value (based on the redemption value of the OP unit) consistent with the presentation at SL Green, as the redemption right of the units as either cash or stock are at the general partners' election, however registered shares must be provided. This revision results in (1) a reclassification between permanent and mezzanine equity in the Operating Partnership's balance sheet and (2) an adjustment to record the limited partners' interest at fair value (redemption value) with a corresponding change to the general partners' equity in the limited partnership. The accompanying consolidated balance sheet of the Operating Partnership as of December 31, 2014 and the related statements of capital have been revised to correct the misclassification as follows (amounts in thousands):

	As Previously Reported	As Adjusted
Consolidated balance sheet as of December 31, 2014:		
Mezzanine equity		
Limited partner interests in SLGOP	\$—	\$469,524
Capital		
SL Green partner's capital	7,078,924	6,722,422
Limited partner interests in SLGOP	113,298	—

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Notes to Consolidated Financial Statements (cont.)

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	Partners' Interest	
	Common Units	Common Unitholders
Balance at December 31, 2012 - as previously reported	91,250	\$6,189,529
Cumulative Adjustment to carry limited partner interests in mezzanine equity at fair value	—	(142,445)
Balance at December 31, 2012 - as adjusted	91,250	\$6,047,084
Balance at December 31, 2013 - as previously reported	94,993	\$6,506,747
Cumulative Adjustment to carry limited partner interests in mezzanine equity at fair value	—	(188,063)
Balance at December 31, 2013 - as adjusted	94,993	\$6,318,684
Balance at December 31, 2014 - as previously reported	97,325	\$7,078,924
Cumulative Adjustment to carry limited partner interests in mezzanine equity at fair value	—	(356,502)
Balance at December 31, 2014 - as adjusted	97,325	\$6,722,422

The reclassification of limited interests has no impact on the previously reported consolidated statements of operations, comprehensive income, and cash flows and was not material to the consolidated balance sheet.

Accounting Standards Updates

In January 2016, the FASB issued Accounting Standards Update No. 2016-01 (ASU825-10), Recognition and Measurement of Financial Assets and Financial Liabilities. The guidance requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and to record changes in instruments-specific credit risk for financial liabilities measured under the fair value option in other comprehensive income. The guidance is effective for fiscal years beginning after December 15, 2017, and for interim periods therein. The Company is currently evaluating the impact of adopting this new accounting standard on the Company's consolidated financial statements.

In September 2015, the Financial Accounting Standards Board, or FASB, issued final guidance to simplify the measurement-period adjustments in business combinations (Accounting Standards Update, or ASU, No. 2015-16). The guidance eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, acquirers must recognize measurement-period adjustments in the period in which they determine the amounts, including the effect on earnings of any amounts they would have recorded in previously periods if the accounting had been completed at the acquisition date. The guidance is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption of the guidance is permitted. The Company adopted the guidance during the third quarter of 2015.

In April 2015, the FASB issued final guidance to simplify the presentation of debt issuance costs by requiring debt issuance costs to be presented as a deduction from the corresponding debt liability (ASU No. 2015-03). The guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The guidance is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption of the guidance is permitted. Upon adoption, an entity must apply the new guidance retrospectively for all prior periods presented in the financial statements. The Company expects to adopt the guidance effective January 1, 2016 and the guidance is not anticipated to have a material impact on our consolidated financial statements.

In February 2015, the FASB issued new guidance that amends the current consolidation guidance, including introducing a separate consolidation analysis specific to limited partnerships and other similar entities (ASU No. 2015-02). Under this analysis, limited partnerships and other similar entities will be considered a VIE unless the

limited partners hold substantive kick-out rights or participating rights. The guidance is effective for annual and interim periods beginning after December 15, 2015. Early adoption of this guidance is permitted. The Company adopted the guidance effective January 1, 2016 and the guidance does not have a material impact on our consolidated financial statements.

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Notes to Consolidated Financial Statements (cont.)

December 31, 2015

In June 2014, the FASB issued final guidance that requires repurchase-to-maturity transactions to be accounted for as secured borrowings as if the transferor retains effective control, even though the transferred financial assets are not returned to the transferor at settlement and also eliminates existing guidance for repurchase financings (ASU No. 2014-11). New disclosures are required for (1) certain transactions accounted for as secured borrowings and (2) transfers accounted for as sales when the transferor also retains substantially all of the exposure to the economic return on the transferred financial assets throughout the term of the transaction. The guidance was effective for the first interim or annual period beginning after December 15, 2014, except for the disclosures related to transactions accounted for as secured borrowings, which are effective for periods beginning after March 15, 2015. Early adoption of this guidance is prohibited. The Company adopted the standard beginning in the first quarter of 2015. The adoption of this guidance did not have a material impact on our consolidated financial statements. The Company has adopted the presentation and disclosures related to transactions accounted for as secured borrowings during the second quarter of 2015.

In May 2014, the FASB issued a new comprehensive revenue recognition guidance which requires us to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods and services (ASU No. 2014-09). The guidance also requires enhanced disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The guidance is effective for annual and interim periods beginning after December 15, 2016 and early adoption is not permitted. In July 2015, the FASB voted to defer by one year the effective date of ASU 2014-09 for both public and nonpublic entities and give both public and private companies the option to early adopt using the original effective date. The new guidance can be applied either retrospectively to each prior reporting period presented, or as a cumulative-effect adjustment as of the date of adoption. The Company is currently evaluating the new guidance to determine the impact it may have on our consolidated financial statements. In April 2014, the FASB issued new guidance on reporting discontinued operations which raises the threshold for disposals to qualify as discontinued operations (ASU No. 2014-08). The guidance also allows us to have a significant continuing involvement and continuing cash flows with the discontinued operations. Additionally, the guidance requires additional disclosures for discontinued operations and new disclosures for individually material disposal transactions that do not meet the definition of a discontinued operation. The guidance was effective for calendar year public companies beginning in the first quarter of 2015 and is to be applied on a prospective basis for new disposals. Early adoption of this guidance was permitted. The Company adopted the standard beginning in the first quarter of 2015. The adoption of this guidance changed the presentation of discontinued operations for all properties held for sale and/or disposed of subsequent to January 1, 2015.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

3. Property Acquisitions

2015 Acquisitions

During the year ended December 31, 2015, the properties listed below were acquired from third parties. The following summarizes our preliminary allocation of the purchase price of the assets acquired and liabilities assumed upon the closing of these acquisitions (in thousands):

	600 Lexington Avenue ⁽¹⁾⁽²⁾	187 Broadway and 5 & 7 Dey Street ⁽¹⁾⁽³⁾	11 Madison Avenue ⁽¹⁾⁽⁴⁾	110 Greene Street ⁽¹⁾⁽⁵⁾	Upper East Side Residential ⁽¹⁾⁽⁶⁾	1640 Flatbush Avenue ⁽¹⁾
Acquisition Date	December 2015	August 2015	August 2015	July 2015	June 2015	March 2015
Ownership Type	Fee Interest	Fee Interest	Fee Interest	Fee Interest	Fee Interest	Fee Interest
Property Type	Office	Residential/Retail	Office	Office	Residential/Retail	Retail
Purchase Price Allocation:						
Land	\$97,044	\$ 22,101	\$849,926	\$89,250	\$ 17,500	\$6,120
Building and building leasehold	180,224	41,045	1,579,118	165,750	32,500	680
Above-market lease value	—	—	—	—	—	—
Acquired in-place leases	—	—	—	—	—	—
Other assets, net of other liabilities	—	—	—	—	—	—
Assets acquired	277,268	63,146	2,429,044	255,000	50,000	6,800
Mark-to-market assumed debt	—	—	—	—	—	—
Below-market lease value	—	—	—	—	—	—
Derivatives	—	—	—	—	—	—
Liabilities assumed	—	—	—	—	—	—
Purchase price	\$277,268	\$ 63,146	\$2,429,044	\$255,000	\$ 50,000	\$6,800
Net consideration funded by us at closing, excluding consideration financed by debt	\$79,085	\$ 63,146	\$2,429,044	\$255,000	\$ 50,000	\$6,800
Equity and/or debt investment held	\$54,575	\$ —	\$ —	\$ —	\$ —	\$ —
Debt assumed	\$112,795	\$ —	\$ —	\$ —	\$ —	\$ —

(1) We are currently in the process of analyzing the purchase price allocation and, as such, we have not allocated any value to intangible assets such as above- and below-market lease or in-place leases.

(2) In December 2015, we acquired Canada Pension Plan Investment Board's 45% interest in this property, thereby consolidating full ownership of the property. The transaction valued the consolidated interests at \$277.3 million. We recognized a purchase price fair value adjustment of \$40.1 million upon closing of this transaction. This

property, which we initially acquired in May 2010, was previously accounted for as an investment in unconsolidated joint ventures.

(3) We acquired this property for consideration that included the issuance of \$10.0 million and \$26.9 million aggregate liquidation preferences of Series R and S Preferred Units, respectively, of limited partnership interest of the Operating Partnership and cash.

(4) In August 2015, we acquired this property from a partnership of the Sapir Organization and CIM Group, with whom we have no other relationship.

(5) We acquired a 90.0% controlling interest in this property for consideration that included the issuance of \$5.0 million and \$6.7 million aggregate liquidation preferences of Series P and Q Preferred Units, respectively, of limited partnership interest of the Operating Partnership and cash.

(6) We, along with our joint venture partner, acquired this property for consideration that included the issuance of \$13.8 million aggregate liquidation preference of Series N Preferred Units of limited partnership interest of the Operating Partnership and cash. We hold a 95.1% controlling interest in this joint venture.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

2014 Acquisitions

During the year ended December 31, 2015, we finalized the purchase price allocations based on third party appraisal and additional facts and circumstances that existed at the acquisition dates for the following 2014 acquisitions (in thousands):

	102 Greene Street ⁽¹⁾	635 Madison Avenue ⁽¹⁾	719 Seventh Avenue ⁽¹⁾⁽²⁾	115 Spring Street ⁽¹⁾	388-390 Greenwich Street ⁽¹⁾⁽³⁾
Acquisition Date	October 2014	September 2014	July 2014	July 2014	May 2014
Ownership Type	Fee Interest	Fee Interest	Fee Interest	Fee Interest	Fee Interest
Property Type	Retail	Land	Development	Retail	Office
Purchase Price Allocation:					
Land	\$8,215	\$205,632	\$41,850	\$11,078	\$516,292
Building and building leasehold	26,717	15,805	—	44,799	964,434
Above-market lease value	—	—	—	—	—
Acquired in-place leases	1,015	17,345	—	2,037	302,430
Other assets, net of other liabilities	3	—	—	—	6,495
Assets acquired	35,950	238,782	41,850	57,914	1,789,651
Mark-to-market assumed debt	—	—	—	—	—
Below-market lease value	3,701	85,036	—	4,789	186,782
Derivatives	—	—	—	—	18,001
Liabilities assumed	3,701	85,036	—	4,789	204,783
Purchase price	\$32,249	\$153,746	\$41,850	\$53,125	\$1,584,868
Net consideration funded by us at closing, excluding consideration financed by debt	\$32,249	\$153,746	\$41,850	\$53,125	\$208,614
Equity and/or debt investment held	\$—	\$—	\$—	\$—	\$148,025
Debt assumed	\$—	\$—	\$—	\$—	\$1,162,379

Based on our preliminary analysis of the purchase price, we had allocated \$11.3 million and \$21.0 million to land and building, respectively, at 102 Greene Street, \$153.7 million to land at 635 Madison Avenue, \$14.4 million and \$26.7 million to land and building, respectively, at 719 Seventh Avenue, \$15.9 million and \$37.2 million to land and building, respectively, at 115 Spring Street and \$558.7 million and \$1.0 billion to land and building, respectively, at 388-390 Greenwich. The impact to our consolidated statements of operations for the twelve months ended December 31, 2015 was \$7.6 million in rental revenue for the amortization of aggregate below-market leases and \$10.3 million of depreciation expense.

We, along with our joint venture partner, acquired this property for consideration that included the issuance of \$14.1 million aggregate liquidation preference of Series L Preferred Units of limited partnership interest of the Operating Partnership and \$9.5 million aggregate liquidation preference of Series K Preferred Units of limited partnership interest of the Operating Partnership. We hold a 75.0% controlling interest in this joint venture.

(3) In May 2014, we acquired Ivanhoe Cambridge, Inc.'s 49.65% economic interest in this property, thereby consolidating full ownership of the property. The transaction valued the consolidated interests at \$1.585 billion.

Simultaneous with the closing, we refinanced the previous mortgage with a \$1.45 billion mortgage. We also assumed the existing derivative instruments, which swapped \$504.0 million of the mortgage to fixed rate (in October 2014, we entered into multiple swap agreements to hedge our interest rate exposure on an additional \$500.0 million portion of this mortgage. See Note 8, "Mortgages and Other Loans Payable" for further details). We recognized a purchase price fair value adjustment of \$71.4 million upon closing of this transaction. This property, which we initially acquired in December 2007, was previously accounted for as an investment in unconsolidated joint ventures.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

2013 Acquisitions

During the year ended December 31, 2013, the properties listed below were acquired from third parties. The following summarizes our allocation of the purchase price of the assets acquired and liabilities assumed upon the closing of these acquisitions (in thousands):

	315 West 33rd Street ⁽¹⁾	Assemblage of Retail Development Properties on Fifth Avenue ⁽¹⁾	16 Court ⁽²⁾	248-252 Bedford Avenue ⁽³⁾
Acquisition Date	November 2013	November 2013	April 2013	March 2013
Ownership Type	Fee Interest	Fee Interest	Fee Interest	Fee Interest
Property Type	Residential	Development	Office	Residential
Purchase Price Allocation:				
Land	\$195,834	\$135,513	\$19,217	\$10,865
Building and building leasehold	164,429	10,487	63,210	44,035
Above market lease value	7,084	—	5,122	—
Acquired in-place leases	26,125	—	9,422	—
Other assets, net of other liabilities	1,142	—	3,380	—
Assets acquired	394,614	146,000	100,351	54,900
Mark-to-market assumed debt	—	—	294	—
Below market lease value	7,839	—	3,885	—
Liabilities assumed	7,839	—	4,179	—
Purchase price	\$386,775	\$146,000	\$96,172	\$54,900
Net consideration funded by us at closing, excluding consideration financed by debt	\$386,775	\$146,000	\$4,000	\$21,782
Equity and/or debt investment held	\$—	\$—	\$13,835	\$—
Debt assumed	\$—	\$—	\$84,642	\$—

During the year ended December 31, 2014, we finalized the purchase price allocation based on a third party (1) appraisal and additional facts and circumstances that existed at the acquisition dates. These adjustments did not have a material impact to our consolidated statements of operations for the year ended December 31, 2014.

In April 2013, we acquired interests from our joint venture partner, City Investment Fund, or CIF, in 16 Court Street in Brooklyn for \$4.0 million. We have consolidated the ownership of the building. The transaction valued the consolidated interest at \$96.2 million, inclusive of the \$84.6 million mortgage encumbering the property. In (2) April 2014, we repaid the mortgage. We recognized a purchase price fair value adjustment of \$(2.3) million upon the closing of this transaction. This property, which we initially acquired in July 2007, was previously accounted for as an investment in unconsolidated joint ventures.

In March 2013, we, along with Magnum Real Estate Group, acquired 84 residential units, consisting of 72 apartment units and 12 townhouses, located at 248-252 Bedford Avenue, Williamsburg, Brooklyn for \$54.9 (3) million. Simultaneous with the closing on this property, the joint venture closed on a \$22.0 million mortgage loan which was later refinanced in June 2014. The property is above a commercial property already owned by us. We hold a 90.0% controlling interest in this joint venture.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

For business combinations achieved in stages, the acquisition-date fair value of our equity interest in a property immediately before the acquisition date is determined based on estimated cash flow projections that utilize available market information and discount and capitalization rates that we deem appropriate. Estimates of future cash flows are based on a number of factors including historical operating results, known and anticipated trends, and market and economic conditions. The acquisition-date fair value of the equity interest in 600 Lexington Avenue and 388-390 Greenwich Street, which were acquired in 2015 and 2014, respectively, immediately before the acquisition date as well as the purchase price fair value, as determined in accordance with the methodology set out in the prior sentence, are as follows (in thousands):

	600 Lexington Avenue	388-390 Greenwich Street
Contract purchase price	\$284,000	\$1,585,000
Net consideration funded by us at closing, excluding consideration financed by debt	(79,085)	(208,614)
Debt assumed	(112,795)	(1,162,379)
Fair value of retained equity interest	92,120	214,007
Equity and/or debt investment held	(54,575)	(148,025)
Other ⁽¹⁾	2,533	5,464
Purchase price fair value adjustment	\$40,078	\$71,446

(1) Includes the acceleration of a deferred leasing commission from the joint venture to the Company.

Pro Forma Unaudited

The following table summarizes, on an unaudited pro forma basis, the results of operations of 11 Madison Avenue, which are included in the consolidated results of operations for years ended December 31, 2015 and 2014 as though the acquisition of 11 Madison Avenue was completed on January 1, 2014. The supplemental pro forma data is not necessarily indicative of what the actual results of operations would have been assuming the transactions had been completed as set forth above, nor do they purport to represent our results of operations for future periods.

(in thousands, except per share/unit amounts)	Year Ended December 31,	
	2015	2014
Actual revenues since acquisition	\$29,865	
Actual net income since acquisition	159	
Pro forma revenues	1,657,937	1,540,525
Pro forma income from continuing operations	102,440	-376,710
Pro forma basic earnings per share	\$0.76	\$7.00
Pro forma diluted earnings per share	\$0.75	\$6.92
Pro forma basic earnings per unit	\$0.76	\$7.00
Pro forma diluted earnings per unit	\$0.75	\$6.92

(1) The pro forma income from continuing operations for the years ended December 31, 2015 and 2014 includes the effect of the incremental borrowings, including a \$1.4 billion, 10-year, interest only, fixed rate mortgage financing carrying a per annum stated interest rate of 3.838% to complete the acquisition and the preliminary allocation of purchase price. In addition, the pro forma net income for the year ended December 31, 2014 was adjusted to include the sale of real estate assets for properties that have closed either subsequent to December 31, 2015 or we are currently under contract to sell in connection with 11 Madison Avenue, as if the sales were completed on

January 1, 2014. The pro forma net income for the year ended December 31, 2015 excludes these sales.

4. Properties Held for Sale and Property Dispositions

Properties Held for Sale

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

During the year ended December 31, 2015, we entered into an agreement to sell our 90% interest in the unconsolidated joint venture at 248-252 Bedford Avenue in Brooklyn, New York for a total gross asset valuation of \$55.0 million.

Property Dispositions

The following table summarizes the properties sold during the years ended December 31, 2015, 2014, and 2013:

Property	Disposition Date	Property Type	Approximate Usable Square Feet	Sales Price ⁽¹⁾ (in millions)	Gain (Loss) on Sale ⁽²⁾ (in millions)
140-150 Grand Street ⁽³⁾	December 2015	Office/Development	215,100	\$32.0	\$(20.1)
570 & 574 Fifth Avenue	December 2015	Development	24,327	125.4	24.6
120 West 45th Street	September 2015	Office	440,000	365.0	58.6
131-137 Spring Street ⁽⁴⁾	August 2015	Office	68,342	277.8	101.1
180 Maiden Lane	January 2015	Office	1,090,000	470.0	17.0
2 Herald Square	November 2014	Land	354,400	365.0	18.8
985-987 Third Avenue	July 2014	Development	13,678	68.7	29.8
673 First Avenue	May 2014	Office	422,000	145.0	117.6
300 Main Street	September 2013	Office	130,000	13.5	(2.2)
333 West 34th Street	August 2013	Office	345,400	220.3	13.8
44 West 55th Street	February 2013	Retail	8,557	6.3	1.1

(1) Sales price represents the actual sales price for a property or the gross asset valuation for interests in a property.

The gain on sale for 570 & 574 Fifth Avenue, 120 West 45th Street, 131-137 Spring Street, 180 Maiden Lane, 2 Herald Square, 985-987 Third Avenue, 673 First Avenue and 333 West 34th Street are net of \$4.0 million, \$2.0 million, \$4.1 million, \$0.8 million, \$2.5 million, \$1.3 million, \$3.4 million and \$3.0 million in employee

(2) compensation awards accrued in connection with the realization of these investment gains as a bonus to certain employees that were instrumental in realizing the gain on sale. Additionally, amounts do not include adjustments for expenses recorded in subsequent periods.

(3) Gain/(loss) on sale includes a \$19.2 million charge that was recorded during the third quarter of 2015. This charge is included in depreciable real estate reserves in the consolidated statement of operations.

We sold an 80% interest in 131-137 Spring Street and have subsequently accounted for our interest in the

(4) properties as an investment in unconsolidated joint ventures. See Note 6, "Investments in Unconsolidated Joint Ventures."

Discontinued Operations

The Company adopted ASU 2014-08 effective January 1, 2015. As a result, the Company classified 242-252 Bedford Avenue in Brooklyn, New York as held for sale as of December 31, 2015, 570 & 574 Fifth Avenue and 140-150 Grand Street in White Plains, New York as held for sale as of September 30, 2015 and 131-137 Spring Street and 120 West 45th Street as of June 30, 2015 and included the results of operations in continuing operations for all periods presented. Discontinued operations included the results of operations of real estate assets sold or held for sale prior to January 1, 2015. This included 180 Maiden Lane, which was held for sale at December 31, 2014 and sold in January 2015, and 2 Herald Square, 985-987 Third Avenue and 673 First Avenue, which were sold during 2014.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

The following table summarizes net income from discontinued operations for the years ended December 31, 2015, 2014, and 2013 respectively (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Revenues			
Rental revenue	\$236	\$51,090	\$94,558
Escalation and reimbursement revenues	(127)	) 4,646	14,856
Other income	—	23	554
Total revenues	109	55,759	109,968
Operating expenses	(631)	) 7,772	20,568
Real estate taxes	250	7,156	16,521
Ground rent	—	3,001	7,975
Transaction related costs	(49)	) 89	2
Depreciable real estate reserves	—	—	2,150
Interest expense, net of interest income	109	12,652	19,782
Amortization of deferred financing costs	3	433	840
Depreciation and amortization	—	5,581	16,443
Total expenses	(318)	) 36,684	84,281
Net income from discontinued operations	\$427	\$19,075	\$25,687

5. Debt and Preferred Equity Investments

During the years ended December 31, 2015 and 2014, our debt and preferred equity investments, net of discounts and deferred origination fees, increased \$781.4 million and \$680.1 million, respectively, due to originations, purchases, advances under future funding obligations, discount and fee amortization, and paid-in-kind interest, net of premium amortization. We recorded repayments, participations and sales of \$520.2 million and \$576.1 million during the years ended December 31, 2015 and 2014, respectively, which offset the increases in debt and preferred equity investments.

Debt Investments

As of December 31, 2015 and 2014, we held the following debt investments with an aggregate weighted average current yield of 10.23% at December 31, 2015 (in thousands):

Loan Type	December 31, 2015 Future Funding Obligations	December 31, 2015 Senior Financing	December 31, 2015 Carrying Value ⁽¹⁾	December 31, 2014 Carrying Value ⁽¹⁾	Initial Maturity Date
Fixed Rate Investments:					
Jr. Mortgage Participation/ Mezzanine Loan ⁽²⁾⁽³⁾	\$—	\$—	\$23,510	\$45,611	May 2016
Jr. Mortgage Participation Mezzanine Loan	—	133,000	49,000	49,000	June 2016
Mezzanine Loan	—	115,000	24,916	24,910	July 2016
Mezzanine Loan	—	165,000	72,102	71,656	November 2016
Jr. Mortgage Participation/Mezzanine Loan	—	1,109,000	104,661	98,934	March 2017
Mezzanine Loan ⁽³⁾	—	—	66,183	65,770	March 2017
Mezzanine Loan ⁽⁴⁾	—	502,100	41,115	24,608	June 2017

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Mezzanine Loan	—	539,000	49,691	49,629	July 2018
Mortgage Loan ⁽⁵⁾	—	—	26,262	26,209	February 2019

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

Loan Type	December 31, 2015 Future Funding Obligations	December 31, 2015 Senior Financing	December 31, 2015 Carrying Value ⁽¹⁾	December 31, 2014 Carrying Value ⁽¹⁾	Initial Maturity Date
Mortgage Loan	—	—	513	637	August 2019
Mezzanine Loan	—	15,000	3,500	3,500	September 2021
Mezzanine Loan ⁽⁶⁾	—	89,880	19,936	19,930	November 2023
Mezzanine Loan	—	95,000	30,000	30,000	January 2025
Mezzanine Loan ⁽⁷⁾	—	—	—	14,068	
Jr. Mortgage Participation ⁽⁸⁾	—	—	—	11,934	
Jr. Mortgage Participation /Mezzanine Loan ⁽⁹⁾	—	—	—	70,688	
Total fixed rate Floating Rate Investments:	\$—	\$2,762,980	\$511,389	\$607,084	
Mezzanine Loan	—	775,000	74,700	73,402	March 2016
Mortgage/Mezzanine Loan	10,156	—	94,901	—	April 2016
Mezzanine Loan ⁽¹⁰⁾	—	160,000	22,625	22,573	June 2016
Mezzanine Loan	7,942	312,939	66,398	—	November 2016
Mezzanine Loan	—	360,000	99,530	99,023	November 2016
Mezzanine Loan ⁽¹¹⁾	11,414	131,939	49,751	42,750	December 2016
Mezzanine Loan	281	39,201	13,731	11,835	December 2016
Mortgage/Mezzanine Loan ⁽¹²⁾	57,108	—	134,264	—	January 2017
Mezzanine Loan	1,293	118,949	28,551	20,651	January 2017
Mortgage/Mezzanine Loan	—	—	68,977	—	June 2017
Jr. Mortgage Participation/Mezzanine Loan	1,257	118,717	40,346	38,524	July 2017
Mortgage/Mezzanine Loan	—	—	22,877	22,803	July 2017
Mortgage/Mezzanine Loan	—	—	16,901	16,848	September 2017
Mortgage/Mezzanine Loan	4,500	—	19,282	—	October 2017
Mezzanine Loan	—	60,000	14,904	14,859	

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					November 2017
Mezzanine Loan	—	85,000	29,505	—	December 2017
Mezzanine Loan	—	65,000	28,563	—	December 2017
Mortgage/Mezzanine Loan ⁽¹³⁾	795	—	14,942	14,845	December 2017
Jr. Mortgage Participation	—	40,000	19,846	—	April 2018
Mezzanine Loan	—	175,000	34,725	—	April 2018
Jr. Mortgage Participation/Mezzanine Loan	—	55,000	20,510	20,533	July 2018
Mortgage/Mezzanine Loan ⁽¹⁴⁾	1,500	—	31,210	—	August 2018
Mezzanine Loan	—	33,000	26,777	—	December 2018
Mezzanine Loan	6,383	156,383	52,774	—	December 2018
Mezzanine Loan	28,801	206,717	49,625	—	December 2018
Mortgage/Mezzanine Loan	—	—	18,395	18,083	February 2019
Mezzanine Loan	—	38,000	21,845	21,807	March 2019
Mezzanine Loan ⁽¹⁵⁾	—	—	—	33,726	
Mezzanine Loan ⁽¹⁵⁾	—	—	—	37,322	
Mortgage/Mezzanine Loan ⁽¹⁶⁾	—	—	—	109,527	
Mezzanine Loan ⁽¹⁷⁾	—	—	—	49,614	
Total floating rate	\$ 131,430	\$ 2,930,845	\$ 1,116,455	\$ 668,725	

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

Loan Type	December 31, 2015 Future Funding Obligations	December 31, 2015 Senior Financing	December 31, 2015 Carrying Value ⁽¹⁾	December 31, 2014 Carrying Value ⁽¹⁾	Initial Maturity Date
Total	\$ 131,430	\$ 5,693,825	\$ 1,627,844	\$ 1,275,809	

(1) Carrying value is net of discounts, premiums, original issue discounts and deferred origination fees.

(2) The \$22.9 million junior mortgage participation, which matures in February 2016, was sold in July 2015.

(3) These loans are collateralized by defeasance securities.

Carrying value is net of \$41.3 million that was participated out, which is included in other assets and other (4) liabilities on the consolidated balance sheets as a result of the transfer not meeting the conditions for sale accounting.

In September 2014, we acquired a \$26.4 million mortgage loan at a \$0.2 million discount and a \$5.7 million junior (5) mortgage participation at a \$5.7 million discount. The junior mortgage participation was a nonperforming loan at acquisition and is currently on non-accrual status.

Carrying value is net of \$5.0 million that was participated out, which is included in other assets and other liabilities (6) on the consolidated balance sheets as a result of the transfer not meeting the conditions for sale accounting.

(7) This loan was repaid in February 2015.

(8) This loan was repaid in March 2015.

(9) These loans were repaid in December 2015.

Carrying value is net of \$7.4 million that was participated out, which is included in other assets and other (10) liabilities on the consolidated balance sheets as a result of the transfer not meeting the conditions for sale accounting.

(11) In February 2015, the maturity date was extended to December 2016.

Carrying value is net of \$25.0 million that was participated out, which is included in other assets and other (12) liabilities on the consolidated balance sheets as a result of the transfer not meeting the conditions for sale accounting.

Carrying value is net of \$5.1 million that was participated out, which is included in other assets and other (13) liabilities on the consolidated balance sheets as a result of the transfer not meeting the conditions for sale accounting.

(14) In January 2016, the loans were modified and the mortgage was sold.

(15) These loans were repaid in April 2015.

(16) This loan was repaid in August 2015.

(17) This loan was repaid in November 2015.

Preferred Equity Investments

As of December 31, 2015 and 2014, we held the following preferred equity investments with an aggregate weighted average current yield of 7.86% at December 31, 2015 (in thousands):

Type	December 31, 2015 Future Funding Obligations	December 31, 2015 Senior Financing	December 31, 2015 Carrying Value ⁽¹⁾	December 31, 2014 Carrying Value ⁽¹⁾	Initial Mandatory Redemption
Preferred equity ⁽²⁾	\$—	\$71,486	\$9,967	\$9,954	March 2018
Preferred equity	5,580	60,183	32,209	—	November 2018
Preferred equity ⁽³⁾	—	—	—	123,041	
	\$5,580	\$131,669	\$42,176	\$132,995	

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- (1) Carrying value is net of deferred origination fees.
 (2) In March 2015, the redemption date was extended to March 2018.
 (3) This investment was redeemed in July 2015.

The following table is a rollforward of our total loan loss reserves at December 31, 2015, 2014 and 2013 (in thousands):

	December 31,		
	2015	2014	2013
Balance at beginning of year	\$—	\$1,000	\$7,000
Expensed	—	—	—
Recoveries	—	—	—
Charge-offs and reclassifications	—	(1,000) (6,000
Balance at end of period	\$—	\$—	\$1,000

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

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December 31, 2015

At December 31, 2015, 2014 and 2013, all debt and preferred equity investments were performing in accordance with the terms of the relevant investments, with the exception of a junior mortgage participation acquired in September 2014, which has a carrying value of zero.

We have determined that we have one portfolio segment of financing receivables at December 31, 2015 and 2014 comprising commercial real estate which is primarily recorded in debt and preferred equity investments. Included in other assets is an additional amount of financing receivables totaling \$121.5 million and \$133.5 million at December 31, 2015 and 2014, respectively. No financing receivables were 90 days past due at December 31, 2015.

6. Investments in Unconsolidated Joint Ventures

We have investments in several real estate joint ventures with various partners. As of December 31, 2015 and 2014, 650 Fifth Avenue, 33 Beekman, and 3 Columbus Circle were VIEs in which we are not the primary beneficiary. Our net equity investment in these VIEs was \$99.6 million and \$146.2 million at December 31, 2015 and 2014, respectively. All other investments below are voting interest entities. As we do not control the joint ventures listed below, we account for them under the equity method of accounting.

The table below provides general information on each of our joint ventures as of December 31, 2015:

Property	Partner	Ownership Interest	Economic Interest	Approximate Square Feet	Acquisition Date	Acquisition Price ⁽¹⁾ (in thousands)
100 Park Avenue	Prudential Real Estate Investors	49.90%	49.90%	834,000	January 2000	\$95,800
717 Fifth Avenue	Jeff Sutton/Private Investor	10.92%	10.92%	119,500	September 2006	251,900
800 Third Avenue ⁽²⁾	Private Investors	60.52%	60.52%	526,000	December 2006	285,000
1745 Broadway	Ivanhoe Cambridge, Inc.	56.88%	56.88%	674,000	April 2007	520,000
Jericho Plaza ⁽³⁾	Onyx Equities/Credit Suisse	77.78%	77.78%	640,000	April 2007	210,000
11 West 34th Street	Private Investor/ Jeff Sutton	30.00%	30.00%	17,150	December 2010	10,800
7 Renaissance ⁽⁴⁾	Louis Cappelli	50.00%	50.00%	65,641	December 2010	4,000
3 Columbus Circle ⁽⁵⁾	The Moinian Group	48.90%	48.90%	741,500	January 2011	500,000
280 Park Avenue	Vornado Realty Trust	50.00%	50.00%	1,219,158	March 2011	400,000
1552-1560 Broadway ⁽⁶⁾	Jeff Sutton	50.00%	50.00%	35,897	August 2011	136,550
724 Fifth Avenue	Jeff Sutton	50.00%	50.00%	65,040	January 2012	223,000
10 East 53rd Street	Canadian Pension Plan Investment Board	55.00%	55.00%	354,300	February 2012	252,500
33 Beekman ⁽⁷⁾	Harel Insurance and Finance/TNG 33 LLC	45.90%	45.90%	163,500	August 2012	31,000
521 Fifth Avenue	Plaza Global Real Estate Partners LP	50.50%	50.50%	460,000	November 2012	315,000
21 East 66th Street ⁽⁸⁾	Private Investors	32.28%	32.28%	16,736	December 2012	75,000
650 Fifth Avenue ⁽⁹⁾	Jeff Sutton	50.00%	50.00%	32,324	November 2013	—
121 Greene Street	Jeff Sutton	50.00%	50.00%	7,131	September 2014	27,400
		95.00%	95.00%	—	October 2014	74,600

175-225 Third Street KCLW 3rd Street Brooklyn, New York LLC/LIVWRK LLC						
55 West 46th Street	Prudential Real Estate Investors	25.00%	25.00%	347,000	November 2014	295,000
Stonehenge Portfolio ⁽¹⁰⁾	Various	Various	Various	2,046,733	February 2015	36,668
131-137 Spring Street ⁽¹¹⁾	Invesco Real Estate	20.00%	20.00%	68,342	August 2015	277,750

(1) Acquisition price represents the actual or implied gross purchase price for the joint venture, which is not adjusted for subsequent acquisitions of additional interest.

(2) In March 2015, we acquired an additional 17.56% interest in this joint venture for \$67.5 million.

In connection with the restructuring of the joint venture and the loan on the property, our ownership increased by (3) 57.52% in October 2015. Our ownership percentage was reduced in the first quarter of 2016 upon completion of the restructuring in the first quarter of 2016.

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(4) Subsequent to December 31, 2015, we entered into a contract to sell 7 Renaissance for a gross sales price of \$20.7 million. The sale is anticipated to close in March 2016, subject to customary closing conditions.

As a result of the sale of a condominium interest in September 2012, Young & Rubicam, Inc., or Y&R, owns (5) floors three through eight at the property. Because the joint venture has an option to repurchase these floors, the gain associated with this sale was deferred.

The purchase price represents only the purchase of the 1552 Broadway interest which comprised approximately (6) 13,045 square feet. The joint venture also owns a long-term leasehold interest in the retail space and certain other spaces at 1560 Broadway, which is adjacent to 1552 Broadway.

The redevelopment project was substantially complete during the second quarter of 2015 and was conveyed to (7) Pace University during the third quarter of 2015. In October 2015, we entered into an agreement to sell the property for \$196.0 million. The transaction is expected to be completed in the first half of 2016, subject to customary closing conditions.

(8) We hold a 32.28% interest in three retail and two residential units at the property and a 16.14% interest in three residential units at the property.

The joint venture owns a long-term leasehold interest in the retail space at 650 Fifth Avenue. In connection with the ground lease obligation, SLG provided a performance guaranty and our joint venture partner executed a (9) contribution agreement to reflect its pro rata obligation. In the event the property is converted into a condominium unit and the landlord elects the purchase option, the joint venture shall be obligated to acquire the unit at the then fair value.

In February 2015, we acquired an interest in a portfolio of Manhattan residential and retail properties for \$40.2 million, of which \$3.5 million represented an increase in ownership interest in six of our existing consolidated (10) joint venture properties. The \$40.2 million of consideration included the issuance of \$40.0 million aggregate liquidation preference of 3.75% Series M Preferred Units of limited partnership interest of the Operating Partnership. In July 2015, we acquired less than 1.0% of additional interest in the Stonehenge Portfolio for a net purchase price of \$1.1 million.

In August 2015, we sold an 80% interest in 131-137 Spring Street. These properties, which were previously (11) wholly-owned, were accounted for in commercial real estate properties on the consolidated financial statements. See Note 4, "Properties Held for Sale and Property Dispositions."

Acquisition, Development and Construction Arrangements

Based on the characteristics of the following arrangements, which are similar to those of an investment, combined with the expected residual profit of not greater than 50%, we have accounted for these debt and preferred equity investments under the equity method. As of December 31, 2015 and 2014, the carrying value for acquisition, development and construction arrangements were as follows (in thousands):

Loan Type	December 31, 2015	December 31, 2014	Initial Maturity Date
Mezzanine loan and preferred equity	\$99,936	\$99,629	March 2016
Mezzanine loan ⁽¹⁾	45,942	46,246	February 2022
	\$145,878	\$145,875	

(1) We have an option to convert our loan to an equity interest subject to certain conditions. We have determined that our option to convert the loan to equity is not a derivative financial instrument pursuant to GAAP.

Sale of Joint Venture Interest or Property

The following table summarizes the investments in unconsolidated joint ventures sold during the years ended December 31, 2015, 2014, and 2013:

Property	Type of Sale	Gain (Loss)
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	Ownership Percentage	Disposition Date		Gross Asset Valuation (in millions) ⁽¹⁾	on Sale (in millions) ⁽²⁾
The Meadows	50.00%	August 2015	Property	\$121.1	\$(1.6)
315 West 36th Street ⁽³⁾	35.50%	September 2015	Ownership Interest	115.0	16.3
180 Broadway ⁽⁴⁾	25.50%	September 2014	Property	222.5	16.5
747 Madison Avenue ⁽⁵⁾	33.33%	May 2014	Ownership Interest	160.0	—
West Coast Office portfolio ⁽⁶⁾	42.02%	March 2014	Ownership Interest	756.0	85.6
21-25 West 34th Street ⁽⁷⁾	49.90%	January 2014	Ownership Interest	114.9	20.9
27-29 West 34th Street ⁽⁸⁾	50.00%	December 2013	Ownership Interest	70.1	7.6
West Coast Office Portfolio ⁽⁶⁾	42.04%	Various dates in 2013	Property	224.3	2.1

(1) Represents implied gross valuation for the joint venture or sales price of the property.

(2) Represents the Company's share of the gain or loss.

The gain on sale for 315 West 36th Street is net of \$1.2 million employee compensation awards accrued in connection with the realization of this investment gain as a bonus to certain employees that were instrumental in realizing the gain on sale.

(4) In connection with the sale of the property, we also recognized a promote of \$3.3 million.

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(5) We sold our ownership interest in the joint venture, which owns 100% interest as tenant-in-common in 30 East 65th Street Corporation and the related proprietary lease of five cooperative apartment units in the property. We also recognized a promote of \$10.3 million and originated a \$30.0 million preferred equity investment. Given our continuing involvement as a preferred equity holder, we deferred the gain on sale of \$13.1 million as we did not meet the requirements of a sale under the full accrual method. We, along with our joint venture partners, retained one apartment unit at this property.

(6) During the year ended December 31, 2013, the joint venture sold three properties, the proceeds of which were used primarily to repay a portion of the debt. Also during the year ended December 31, 2013, we acquired in aggregate 14.39% ownership interest of two of our joint venture partners. As a result, we had a 42.04% effective ownership interest (43.74% effective economic interest) in the West Coast portfolio as of December 31, 2013. During the year ended December 31, 2014, we sold our ownership interest in the joint venture.

(7) We sold our ownership interest in the joint venture. We, along with our joint venture partner, retained approximately 91,300 square feet (unaudited) of development rights at the property.

(8) We sold our ownership interest in the joint venture. The gain on the sale is net of a \$1.5 million employee compensation award, accrued in connection with the realization of this investment gain as a bonus to certain employees that were instrumental in realizing the gain on this sale. Simultaneously, we, along with Sutton, also formed a new joint venture and retained the air rights at this property.

In December 2013, the preferred equity interest held by the joint venture which holds Herald Center was redeemed. This preferred equity interest bore interest at a rate of 8.75% per annum through the redemption date.

Mortgages and Other Loans Payable

We generally finance our joint ventures with non-recourse debt. However, in certain cases we have provided guarantees or master leases for tenant space. These guarantees and master leases terminate upon the satisfaction of specified circumstances or repayment of the underlying loans. The first mortgage notes and other loans payable collateralized by the respective joint venture properties and assignment of leases at December 31, 2015 and 2014, respectively, are as follows (amounts in thousands):

Property	Maturity Date	Interest Rate ⁽¹⁾	December 31, 2015	December 31, 2014
Fixed Rate Debt:				
280 Park Avenue	June 2016	6.57	% \$692,963	\$700,171
7 Renaissance	December 2016	10.00	% 2,927	2,147
1745 Broadway	January 2017	5.68	% 340,000	340,000
Jericho Plaza ⁽²⁾	May 2017	5.65	% 163,750	163,750
800 Third Avenue	August 2017	6.00	% 20,910	20,910
521 Fifth Avenue	November 2019	3.73	% 170,000	170,000
717 Fifth Avenue ⁽³⁾	July 2022	4.45	% 300,000	300,000
21 East 66th Street	April 2023	3.60	% 12,000	12,000
717 Fifth Avenue ⁽³⁾	July 2024	9.00	% 325,704	314,381
3 Columbus Circle ⁽⁴⁾	March 2025	3.45	% 350,000	—
Stonehenge Portfolio ⁽⁵⁾	Various	4.18	% 430,627	—
315 West 36th Street ⁽⁶⁾			—	25,000
11 West 34th Street			—	16,905
Total fixed rate debt			\$2,808,881	\$2,065,264
Floating Rate Debt:				
1552 Broadway ⁽⁷⁾	April 2016	4.35	% 190,409	184,210

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Other loan payable	June 2016	1.09	%	30,000	30,000
650 Fifth Avenue ⁽⁸⁾	October 2016	3.70	%	65,000	65,000
175-225 Third Street	December 2016	4.26	%	40,000	40,000
10 East 53rd Street	February 2017	2.70	%	125,000	125,000
724 Fifth Avenue	April 2017	2.61	%	275,000	275,000
33 Beekman ⁽⁹⁾	August 2017	2.94	%	73,518	52,283
55 West 46th Street ⁽¹⁰⁾	October 2017	2.50	%	150,000	150,000
Stonehenge Portfolio	December 2017	3.25	%	10,500	—
121 Greene Street	November 2019	1.70	%	15,000	15,000
11 West 34th Street ⁽¹¹⁾	January 2021	4.57	%	23,000	—
100 Park Avenue	February 2021	1.95	%	360,000	360,000

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December 31, 2015

Property	Maturity Date	Interest Rate ⁽¹⁾	December 31, 2015	December 31, 2014
131-137 Spring Street	August 2020	1.76	% 141,000	—
21 East 66th Street	June 2033	2.97	% 1,805	1,883
3 Columbus Circle ⁽⁴⁾			—	230,974
The Meadows ⁽¹²⁾			—	67,350
600 Lexington Avenue ⁽¹³⁾			—	116,740
Total floating rate debt			\$1,500,232	\$1,713,440
Total joint venture mortgages and other loans payable			\$4,309,113	\$3,778,704

(1) Effective weighted average interest rate for the year ended December 31, 2015, taking into account interest rate hedges in effect during the period.

As of December 31, 2015, we were in the process of restructuring the joint venture, which would reduce our ownership interest, and the loan on the Property. Subsequent to December 31, 2015, we along with our joint (2) venture partners closed on the restructuring and refinancing. We hold an 11.67% non-controlling interest in the joint venture and the property secures a two year \$100.0 million floating rate loan, of which \$75.0 million is currently outstanding.

These loans are comprised of a \$300.0 million fixed rate mortgage loan and \$290.0 million mezzanine loan. The (3) mezzanine loan is subject to accretion based on the difference between contractual interest rate and contractual pay rate.

In March 2015, the joint venture refinanced the previous mortgage and incurred a net loss on early extinguishment (4) of debt of \$0.8 million.

Amount is comprised of \$13.3 million, \$55.5 million, \$35.0 million, \$7.3 million, \$141.5 million, and \$177.9 (5) million in fixed-rate mortgages that mature in July 2016, June 2017, November 2017, February 2018, August 2019, and June 2024, respectively.

In July 2015, the joint venture refinanced the previous mortgage. In September 2015, the interest in the property (6) was sold for a gross asset valuation of \$115.0 million.

These loans are comprised of a \$150.0 million mortgage loan and a \$41.5 million mezzanine loan. As of (7) December 31, 2015, \$0.6 million of the mortgage loan and \$0.5 million of the mezzanine loan was unfunded.

This loan has a committed amount of \$97.0 million, of which \$32.0 million was unfunded as of December 31, (8) 2015.

This loan has a committed amount of \$75.0 million, of which \$18.4 million is recourse to us. Our partner has indemnified us for its pro rata share of the recourse guarantee. A portion of the guarantee terminates upon the joint (9) venture reaching certain milestones. We believe it is unlikely that we will be required to perform under this guarantee. The sale of this property is currently under contract, and the sale is expected to be completed in the first half of 2016.

This loan has a committed amount of \$190.0 million, of which \$40.0 million was unfunded as of December 31, (10) 2015.

(11) In December 2015, the joint venture refinanced the previous mortgage.

(12) In August 2015, these properties were sold and the debt was repaid.

(13) In December 2015, we acquired our joint venture partner's interest in 600 Lexington Avenue thereby assuming full ownership, and accounting for the property on a consolidated basis.

We act as the operating partner and day-to-day manager for all our joint ventures, except for 800 Third Avenue, Jericho Plaza, 280 Park Avenue, 3 Columbus Circle, 21 East 66th Street, 175-225 Third Street and the Stonehenge

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Portfolio. We are entitled to receive fees for providing management, leasing, construction supervision and asset management services to certain of our joint ventures. We earned \$6.9 million, \$16.9 million and \$4.7 million from these services for the years ended December 31, 2015, 2014, and 2013 respectively. In addition, we have the ability to earn incentive fees based on the ultimate financial performance of certain of the joint venture properties.

The combined balance sheets for the unconsolidated joint ventures, at December 31, 2015 and 2014, are as follows (in thousands):

	December 31, 2015	December 31, 2014
Assets		
Commercial real estate property, net	\$6,122,468	\$5,275,632
Other assets	904,283	810,567
Total assets	\$7,026,751	\$6,086,199
Liabilities and members' equity		
Mortgages and other loans payable	\$4,309,113	\$3,778,704
Other liabilities	523,160	485,572
Members' equity	2,194,478	1,821,923
Total liabilities and members' equity	\$7,026,751	\$6,086,199
Company's investments in unconsolidated joint ventures	\$1,203,858	\$1,172,020

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December 31, 2015

The combined statements of operations for the unconsolidated joint ventures, from acquisition date through the years ended December 31, 2015, 2014, and 2013 are as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Total revenues	\$576,845	\$522,132	\$628,649
Operating expenses	106,613	82,436	114,633
Ground rent	14,083	9,898	2,863
Real estate taxes	89,734	64,217	71,755
Interest expense, net of interest income	199,126	178,743	225,765
Amortization of deferred financing costs	13,394	12,395	17,092
Transaction related costs	615	535	808
Depreciation and amortization	149,023	137,793	192,504
Total expenses	572,588	486,017	625,420
Loss on early extinguishment of debt	(1,089	) (6,743) —
Net income before gain on sale	\$3,168	\$29,372	\$3,229
Company's equity in net income from unconsolidated joint ventures	\$13,028	\$26,537	\$9,921

7. Deferred Costs

Deferred costs at December 31, 2015 and 2014 consisted of the following (in thousands):

	December 31,		
	2015	2014	
Deferred leasing	\$415,406	\$385,555	
Deferred financing	241,775	193,776	
	657,181	579,331	
Less accumulated amortization	(286,746) (251,369)
Deferred costs, net	\$370,435	\$327,962	

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Notes to Consolidated Financial Statements (cont.)

December 31, 2015

8. Mortgages and Other Loans Payable

The first mortgages and other loans payable collateralized by the respective properties and assignment of leases at December 31, 2015 and 2014, respectively, were as follows (amounts in thousands):

Property	Maturity Date	Interest Rate ⁽¹⁾	December 31, 2015	December 31, 2014
Fixed Rate Debt:				
500 West Putnam Avenue ⁽²⁾	January 2016	5.52	% 22,376	22,968
Landmark Square	December 2016	4.00	% 79,562	81,269
485 Lexington Avenue	February 2017	5.61	% 450,000	450,000
762 Madison Avenue ⁽³⁾	February 2017	3.84	% 7,872	8,045
885 Third Avenue	July 2017	6.26	% 267,650	267,650
1745 Broadway	June 2018	4.81	% 16,000	16,000
388-390 Greenwich Street ⁽⁴⁾	June 2018	3.25	% 1,004,000	1,004,000
One Madison Avenue	May 2020	5.91	% 542,817	565,742
100 Church Street	July 2022	4.68	% 225,099	228,612
919 Third Avenue ⁽⁵⁾	June 2023	5.12	% 500,000	500,000
400 East 57th Street	February 2024	4.13	% 67,644	68,896
400 East 58th Street	February 2024	4.13	% 28,990	29,527
420 Lexington Avenue	October 2024	3.99	% 300,000	300,000
1515 Broadway	March 2025	3.93	% 900,000	900,000
11 Madison Avenue	September 2025	3.84	% 1,400,000	—
Series J Preferred Units ⁽⁶⁾	April 2051	3.75	% 4,000	4,000
711 Third Avenue ⁽⁷⁾			—	120,000
120 West 45th Street ⁽⁸⁾			—	170,000
Total fixed rate debt			\$5,816,010	\$4,736,709
Floating Rate Debt:				
Master Repurchase Agreement	June 2016	3.36	% 253,424	100,000
FHLB Facility ⁽⁹⁾	Various	Various	45,750	—
600 Lexington Avenue	October 2017	2.30	% 112,795	—
187 Broadway & 5-7 Dey Street	October 2017	2.85	% 40,000	—
388-390 Greenwich Street ⁽⁴⁾	June 2018	1.94	% 446,000	446,000
1080 Amsterdam	November 2018	3.96	% 3,525	—
248-252 Bedford Avenue ⁽¹⁰⁾	June 2019	1.69	% 29,000	29,000
220 East 42nd Street	October 2020	1.80	% 275,000	275,000
180 Maiden Lane ⁽¹¹⁾			—	253,942
Total floating rate debt			\$1,205,494	\$1,103,942
Total fixed rate and floating rate debt			\$7,021,504	\$5,840,651
Mortgages reclassified to liabilities related to assets held for sale			(29,000	) (253,942
Total mortgages and other loans payable			\$6,992,504	\$5,586,709

(1) Effective weighted average interest rate for the year ended December 31, 2015, taking into account interest rate hedges in effect during the period.

(2) In January 2016, the mortgage was repaid.

(3)

In February 2015, we entered into a new swap agreement with a fixed interest rate of 3.86% per annum, which replaced the previous swap agreement with a fixed interest rate of 3.75% per annum.

In connection with the acquisition of our joint venture partner's interest in May 2014, we assumed the existing derivative instruments, which swapped \$504.0 million of the mortgage to a fixed rate mortgage which bears (4) interest at 3.80% per annum. In October 2014, we entered into multiple swap agreements to hedge our interest rate exposure on the additional \$500.0 million portion of this mortgage, which was swapped to a fixed rate of 2.69% per annum. Including the as-of right extension option, this loan matures in June 2021.

(5) We own a 51.0% controlling interest in the consolidated joint venture that is the borrower on this loan.

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In connection with the acquisition of a commercial real estate property, the Operating Partnership issued \$4.0 million, 3.75% Series J Preferred Units of limited partnership interest, or the Series J Preferred Units, with a (6) mandatory liquidation preference of \$1,000.00 per unit. The Series J Preferred Units are accounted for as debt because they can be redeemed in cash by the Operating Partnership on the earlier of (i) the date of the sale of the property or (ii) April 30, 2051 or at the option of the unitholders as further prescribed in the related agreement.

(7) In March 2015, the mortgage was repaid.

(8) This property was sold in September 2015 and all obligations related to the property accruing on and after the closing date were assumed by the purchaser.

The FHLB Facility is comprised of four distinct advances of \$1.0 million, \$15.8 million, \$5.0 million, and \$24.0 (9) million that mature in April 2016, April 2016, June 2016 and December 2016, respectively. The weighted average interest rates on these advances range from 0.50% to 0.58%.

(10) This property was held for sale at December 31, 2015 and the related mortgage is included in liabilities related to assets held for sale. In February 2016, the property was sold and the debt was repaid.

(11) This property was held for sale at December 31, 2014 and the related mortgage is included in liabilities related to assets held for sale. In January 2015, the property was sold and the debt was repaid.

Federal Home Loan Bank of New York Facility

During year ended December 31, 2015, the Company's wholly-owned subsidiary, Belmont Insurance Company, or Belmont, a New York licensed captive insurance company, became a member of the Federal Home Loan Bank of New York, or FHLB NY. As a member, Belmont may borrow funds from the FHLB NY in the form of secured advances. As of December 31, 2015, we had \$45.8 million in outstanding secured advances with a weighted average borrowing rate of 0.55%.

On January 12, 2016, the Federal Housing Finance Agency, or FHFA, adopted a final regulation on Federal Home Loan Bank, or FHLB, membership. The rule excludes captive insurance entities from FHLB membership on a going-forward basis and provides termination rules for current captive insurance members. Unless the final rule is modified, Belmont's membership will terminate on February 19, 2017.

Master Repurchase Agreement

The Master Repurchase Agreement, as amended in December 2013, or MRA, provides us with the ability to sell certain debt investments with a simultaneous agreement to repurchase the same at a certain date or on demand. This MRA has a maximum facility capacity of \$300.0 million and bears interest ranging from 250 and 325 basis points over 30-day LIBOR depending on the pledged collateral. In September 2015, we entered into an amendment to the MRA to extend the maturity to June 29, 2016. Further, as of December 6, 2015 we are now required to pay monthly in arrears a 25 basis point fee on the excess of \$150.0 million over the average daily balance during the period if the average daily balance is less than \$150.0 million. We seek to mitigate risks associated with our repurchase agreement by managing the credit quality of our assets, early repayments, interest rate volatility, liquidity, and market value. The margin call provisions under our repurchase facility permit valuation adjustments based on capital markets activity, and are not limited to collateral-specific credit marks. To monitor credit risk associated with our debt investments, our asset management team regularly reviews our investment portfolio and is in contact with our borrowers in order to monitor the collateral and enforce our rights as necessary. The risk associated with potential margin calls is further mitigated by our ability to recollateralize the facility with additional assets from our portfolio of debt investments, our ability to satisfy margin calls with cash or cash equivalents and access to additional liquidity through the 2012 Credit Facility.

At December 31, 2015 and 2014, the gross book value of the properties and debt and preferred equity investments collateralizing the mortgages and other loans payable was approximately \$10.8 billion and \$8.2 billion, respectively.

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Notes to Consolidated Financial Statements (cont.)

December 31, 2015

9. Corporate Indebtedness

2012 Credit Facility

In July 2015, we entered into the third amendment to the credit facility that was originally entered into by the Company in November 2012, referred to as the 2012 credit facility, which increased our unsecured corporate facility by \$500.0 million. The revolving credit facility was increased by \$400.0 million to \$1.6 billion and the term loan portion of the facility was increased by \$100.0 million to \$933.0 million.

In January 2015, we amended the 2012 credit facility by entering into a second amended and restated credit agreement, which decreased the interest-rate margin and facility fee applicable to the revolving credit facility by 20 basis points and five basis points, respectively, and extended the maturity date of the revolving credit facility to March 29, 2019 with an as-of-right extension through March 29, 2020.

In November 2014, we increased the term loan portion of the facility by \$50.0 million to \$833.0 million.

In March 2014, we entered into an amendment to the 2012 credit facility, which among other things, increased the term loan portion of the facility by \$383.0 million to \$783.0 million, decreased the interest-rate margin applicable to the term loan portion of the facility by 25 basis points and extended the maturity of the term loan portion of the facility from March 30, 2018 to June 30, 2019.

As of December 31, 2015, the 2012 credit facility, as amended, consisted of a \$1.6 billion revolving credit facility and a \$933.0 million term loan. We also have an option, subject to customary conditions, to increase the capacity under the revolving credit facility to \$3.0 billion at any time prior to the maturity date for the revolving credit facility without the consent of existing lenders, by obtaining additional commitments from our existing lenders and other financial institutions.

As of December 31, 2015, the 2012 credit facility bore interest at a spread over LIBOR ranging from (i) 87.5 basis points to 155 basis points for loans under the revolving credit facility and (ii) 95 basis points to 190 basis points for loans under the term loan facility, in each case based on the credit rating assigned to the senior unsecured long term indebtedness of ROP. At December 31, 2015, the applicable spread was 125 basis points for revolving credit facility and 140 basis points for the term loan facility. At December 31, 2015, the effective interest rate was 1.45% for the revolving credit facility and 1.67% for the term loan facility. We are required to pay quarterly in arrears a 12.5 to 30 basis point facility fee on the total commitments under the revolving credit facility based on the credit rating assigned to the senior unsecured long term indebtedness of ROP. As of December 31, 2015, the facility fee was 25 basis points. As of December 31, 2015, we had \$73.1 million of outstanding letters of credit, \$994.0 million drawn under the revolving credit facility and \$933.0 million outstanding under the term loan facility, with total undrawn capacity of \$532.9 million under the 2012 credit facility.

The Company, the Operating Partnership and ROP are all borrowers jointly and severally obligated under the 2012 credit facility. None of our other subsidiaries are obligors under the 2012 credit facility.

The 2012 credit facility includes certain restrictions and covenants (see Restrictive Covenants below).

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Senior Unsecured Notes

The following table sets forth our senior unsecured notes and other related disclosures as of December 31, 2015 and 2014, respectively, by scheduled maturity date (dollars in thousands):

Issuance	December 31, 2015 Unpaid Principal Balance	December 31, 2015 Accreted Balance	December 31, 2014 Accreted Balance	Coupon Rate ⁽¹⁾	Effective Rate	Term (in Years)	Maturity Date
March 31, 2006 ⁽²⁾⁽³⁾	\$255,308	\$255,296	\$255,250	6.00	% 6.00	% 10	March 31, 2016
October 12, 2010 ⁽⁴⁾	345,000	321,130	309,069	3.00	% 3.00	% 7	October 15, 2017
August 5, 2011 ⁽⁵⁾	250,000	249,810	249,744	5.00	% 5.00	% 7	August 15, 2018
March 16, 2010 ⁽⁵⁾	250,000	250,000	250,000	7.75	% 7.75	% 10	March 15, 2020
November 15, 2012 ⁽⁵⁾	200,000	200,000	200,000	4.50	% 4.50	% 10	December 1, 2022
December 17, 2015 ⁽⁵⁾	100,000	100,000	—	4.27	% 4.27	% 10	December 17, 2025
March 26, 2007 ⁽⁶⁾	10,008	10,008	10,008	3.00	% 3.00	% 20	March 30, 2027
June 27, 2005 ⁽²⁾⁽⁷⁾	—	—	7				
	\$1,410,316	\$1,386,244	\$1,274,078				

(1) Interest on the senior unsecured notes is payable semi-annually with principal and unpaid interest due on the scheduled maturity dates.

(2) Issued by ROP.

(3) The notes will be repaid at maturity.

Issued by the Operating Partnership. Interest on these exchangeable notes is payable semi-annually on April 15 and October 15. The notes had an initial exchange rate representing an exchange price that was set at a 30.0% premium to the last reported sale price of SL Green's common stock on October 6, 2010, or \$85.81. The initial exchange rate is subject to adjustment under certain circumstances. The current exchange rate is 12.3416 shares of SL Green's common stock per \$1,000 principal amount of these notes. The notes are senior unsecured obligations of the

(4) Operating Partnership and are exchangeable upon the occurrence of specified events and during the period beginning on the twenty-second scheduled trading day prior to the maturity date and ending on the second business day prior to the maturity date, into cash or a combination of cash and shares of SL Green's common stock, if any, at our option. As a result of meeting specified events (as defined in the Indenture Agreement), these notes became exchangeable commencing January 1, 2016 and will remain exchangeable through March 31, 2016. The notes are guaranteed by ROP. On the issuance date, \$78.3 million of the debt balance was recorded in equity. As of December 31, 2015, \$23.9 million remained to be amortized into the debt balance.

(5) Issued by the Company, the Operating Partnership and ROP, as co-obligors.

(6) Issued by the Operating Partnership. Interest on these remaining exchangeable notes is payable semi-annually on March 30 and September 30. The notes have an initial exchange rate representing an exchange price that was set at a 25.0% premium to the last reported sale price of the Company's common stock on March 20, 2007, or \$173.30. The initial exchange rate is subject to adjustment under certain circumstances. The current exchange rate is 5.7952 shares of SL Green's common stock per \$1,000 principal amount of these notes. The notes are senior unsecured obligations of the Operating Partnership and are exchangeable upon the occurrence of specified events and during the period beginning on the twenty-second scheduled trading day prior to the maturity date and ending on the

second business day prior to the maturity date, into cash or a combination of cash and shares of SL Green's common stock, if any, at our option. The notes are currently redeemable at the Operating Partnership's option. The Operating Partnership may be required to repurchase the notes on March 30, 2017 and 2022, and upon the occurrence of certain designated events.

(7) In April 2015, we redeemed the remaining outstanding debentures.

Restrictive Covenants

The terms of the 2012 credit facility, as amended, and certain of our senior unsecured notes include certain restrictions and covenants which may limit, among other things, our ability to pay dividends, make certain types of investments, incur additional indebtedness, incur liens and enter into negative pledge agreements and dispose of assets, and which require compliance with financial ratios relating to the maximum ratio of total indebtedness to total asset value, a minimum ratio of EBITDA to fixed charges, a maximum ratio of secured indebtedness to total asset value and a maximum ratio of unsecured indebtedness to unencumbered asset value. The dividend restriction referred to above provides that, we will not during any time when a default is continuing, make distributions with respect to common stock or other equity interests, except to enable the Company to continue to qualify as a REIT for Federal income tax purposes. As of December 31, 2015 and 2014, we were in compliance with all such covenants.

Junior Subordinated Deferrable Interest Debentures

In June 2005, the Company and the Operating Partnership issued \$100.0 million in unsecured trust preferred securities through a newly formed trust, SL Green Capital Trust I, or the Trust, which is a wholly-owned subsidiary of the Operating Partnership. The securities mature in 2035 and bear interest at a fixed rate of 5.61% for the first ten years ending July 2015. Thereafter, the interest rate will float at 125 basis points over the three-month LIBOR. Interest payments may be deferred for a

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

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period of up to eight consecutive quarters if the Operating Partnership exercises its right to defer such payments. The Trust preferred securities are redeemable at the option of the Operating Partnership, in whole or in part, with no prepayment premium. We do not consolidate the Trust even though it is a variable interest entity as we are not the primary beneficiary. Because the Trust is not consolidated, we have recorded the debt on our consolidated balance sheets and the related payments are classified as interest expense.

Principal Maturities

Combined aggregate principal maturities of mortgages and other loans payable, 2012 credit facility, trust preferred securities, senior unsecured notes and our share of joint venture debt as of December 31, 2015, including as-of-right extension options and put options, were as follows (in thousands):

	Scheduled Amortization	Principal	Revolving Credit Facility	Unsecured Term Loan	Trust Preferred Securities	Senior Unsecured Notes	Total	Joint Venture Debt
2016	\$ 51,018	\$399,486	\$—	\$—	\$—	\$255,308	\$705,812	\$529,646
2017	63,829	871,548	—	—	—	355,008	1,290,385	615,085
2018	64,462	19,525	—	—	—	250,000	333,987	2,195
2019	70,409	28,317	—	933,000	—	—	1,031,726	104,687
2020	52,799	679,531	994,000	—	—	250,000	1,976,330	30,298
Thereafter	147,604	4,572,974	—	—	100,000	300,000	5,120,578	451,544
	\$ 450,121	\$6,571,381	\$994,000	\$933,000	\$100,000	\$1,410,316	\$10,458,818	\$1,733,455

Consolidated interest expense, excluding capitalized interest, was comprised of the following (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Interest expense	\$326,818	\$319,898	\$312,897
Interest income	(2,948)	(2,498)	(2,003)
Interest expense, net	\$323,870	\$317,400	\$310,894
Interest capitalized	\$31,108	\$22,750	\$11,475

10. Related Party TransactionsCleaning/ Security/ Messenger and Restoration Services

Through Alliance Building Services, or Alliance, First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services, Classic Security LLC provides security services, Bright Star Couriers LLC provides messenger services, and Onyx Restoration Works provides restoration services with respect to certain properties owned by us. Alliance is partially owned by Gary Green, a son of Stephen L. Green, the chairman of SL Green's board of directors. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. The Service Corporation has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to certain tenants at certain buildings above the base services specified in their lease agreements. Income earned from profit participation, which is included in other income on the consolidated statements of operations, was \$3.8 million, \$3.8 million, and \$3.5 million for the years ended December 31, 2015, 2014 and 2013, respectively. We also recorded expenses, inclusive of capitalized expenses, of \$21.3 million, \$21.5 million, and \$23.4 million the years ended December 31, 2015, 2014 and 2013, respectively, for these services (excluding services provided directly to tenants).

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December 31, 2015

Management Fees

S.L. Green Management Corp., a consolidated entity, receives property management fees from an entity in which Stephen L. Green owns an interest. We received management fees from this entity of \$0.5 million, \$0.4 million and \$0.4 million for the years ended December 31, 2015, 2014, and 2013 respectively.

Other

Amounts due from related parties at December 31, 2015 and 2014 consisted of the following (in thousands):

	December 31,	
	2015	2014
Due from joint ventures	\$1,334	\$1,254
Other	9,316	10,481
Related party receivables	\$10,650	\$11,735

11. Noncontrolling Interests on the Company's Consolidated Financial Statements

Noncontrolling interests represent the common and preferred units of limited partnership interest in the Operating Partnership not held by the Company as well as third party equity interests in our other consolidated subsidiaries. Noncontrolling interests in the Operating Partnership are shown in the mezzanine equity while the noncontrolling interests in our other consolidated subsidiaries are shown in the equity section of the Company's consolidated financial statements.

Common Units of Limited Partnership Interest in the Operating Partnership

As of December 31, 2015 and 2014, the noncontrolling interest unit holders owned 3.61%, or 3,745,766 units, and 3.92%, or 3,973,016 units, of the Operating Partnership, respectively. At December 31, 2015, 3,745,766 shares of SL Green's common stock were reserved for issuance upon the redemption of units of limited partnership interest of the Operating Partnership.

Noncontrolling interests in the Operating Partnership is recorded at the greater of its cost basis or fair market value based on the closing stock price of SL Green's common stock at the end of the reporting period.

Below is the rollforward analysis of the activity relating to the noncontrolling interests in the Operating Partnership as of December 31, 2015 and 2014 (in thousands):

	December 31,	
	2015	2014
Balance at beginning of period	\$469,524	\$265,476
Distributions	(9,710)	(7,849)
Issuance of common units	30,506	56,469
Redemption of common units	(55,697)	(31,653)
Net income	10,565	18,467
Accumulated other comprehensive income allocation	(67)	175
Fair value adjustment	(20,915)	168,439
Balance at end of period	\$424,206	\$469,524

Preferred Units of Limited Partnership Interest in the Operating Partnership

The Operating Partnership has 1,902,000 4.50% Series G Preferred Units of limited partnership interest, or the Series G Preferred Units outstanding, with a liquidation preference of \$25.00 per unit, which were issued in January 2012 in conjunction with an acquisition. The Series G Preferred unitholders receive annual dividends of \$1.125 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series G Preferred Units are convertible into a number of common units of limited partnership interest in the Operating Partnership equal to (i) the liquidation preference plus accumulated and unpaid distributions on the conversion date divided by (ii) \$88.50. The common units of limited partnership interest in the Operating Partnership may be redeemed in exchange for SL Green's common stock on a 1-to-1 basis. The Series G Preferred Units also provide the holder with the right to require the Operating Partnership to repurchase the Series G Preferred Units for cash before January 31, 2022.

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The Operating Partnership has 60 Series F Preferred Units outstanding with a mandatory liquidation preference of \$1,000.00 per unit.

The Operating Partnership has authorized up to 700,000 3.50% Series K Preferred Units of limited partnership interest, or the Series K Preferred Units, with a liquidation preference of \$25.00 per unit. In August 2014, the Company issued 563,954 Series K Preferred Units in conjunction with an acquisition. The Series K Preferred unitholders receive annual dividends of \$0.875 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series K Preferred Units can be redeemed at any time, at the option of the unitholder, either for cash or are convertible into a number of common units of limited partnership interest in the Operating Partnership equal to (i) the liquidation preference plus accumulated and unpaid distributions on the conversion date divided by (ii) \$134.67.

The Operating Partnership has authorized up to 500,000 4.00% Series L Preferred Units of limited partnership interest, or the Series L Preferred Units, with a liquidation preference of \$25.00 per unit. In August 2014, the Company issued 378,634 Series L Preferred Units in conjunction with an acquisition. The Series L Preferred unitholders receive annual dividends of \$1.00 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series L Preferred Units can be redeemed at any time at par for cash at the option of the unitholder.

The Operating Partnership has authorized up to 1,600,000 3.75% Series M Preferred Units of limited partnership interest, or the Series M Preferred Units, with a liquidation preference of \$25.00 per unit. In February 2015, the Company issued 1,600,000 Series M Preferred Units in conjunction with the acquisition of ownership interests in and relating to certain residential and retail real estate properties. The Series M Preferred unitholders receive annual dividends of \$0.9375 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series M Preferred Units can be redeemed at any time at par for cash at the option of the unitholder.

The Operating Partnership has authorized up to 552,303 3.00% Series N Preferred Units of limited partnership interest, or the Series N Preferred Units, with a liquidation preference of \$25.00 per unit. In June 2015, the Company issued 552,303 Series N Preferred Units in conjunction with an acquisition. The Series N Preferred unitholders receive annual dividends of \$0.75 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series N Preferred Units can be redeemed at any time at par for cash at the option of the unitholder. The Operating Partnership has authorized an aggregate of one 6.25% Series O Preferred Unit of limited partnership interest, or the Series O Preferred Unit. In June 2015, the Company issued the Series O Preferred Unit in connection with an acquisition.

The Operating Partnership has authorized up to 200,000 4.00% Series P Preferred Units of limited partnership interest, or the Series P Preferred Units, with a liquidation preference of \$25.00 per unit. In July 2015, the Company issued 200,000 Series P Preferred Units in conjunction with an acquisition. The Series P Preferred unitholders receive annual dividends of \$1.00 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series P Preferred Units can be redeemed at any time at par for cash at the option of the unitholder.

The Operating Partnership has authorized up to 268,000 3.50% Series Q Preferred Units of limited partnership interest, or the Series Q Preferred Units, with a liquidation preference of \$25.00 per unit. In July 2015, the Company issued 268,000 Series Q Preferred Units in conjunction with an acquisition. The Series Q Preferred unitholders receive annual dividends of \$0.875 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series Q Preferred Units can be redeemed at any time, at the option of the unitholder, either for cash or are convertible into a number of common units of limited partnership interest in the Operating Partnership equal to (i) the liquidation preference plus accumulated and unpaid distributions on the conversion date divided by (ii) \$148.95.

The Operating Partnership has authorized up to 400,000 3.50% Series R Preferred Units of limited partnership interest, or the Series R Preferred Units, with a liquidation preference of \$25.00 per unit. In August 2015, the Company issued 400,000 Series R Preferred Units in conjunction with an acquisition. The Series R Preferred

unitholders receive annual dividends of \$0.875 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series R Preferred Units can be redeemed at any time, at the option of the unitholder, either for cash or are convertible into a number of common units of limited partnership interest in the Operating Partnership equal to (i) the liquidation preference plus accumulated and unpaid distributions on the conversion date divided by (ii) \$154.89.

The Operating Partnership has authorized up to 1,077,280 4.00% Series S Preferred Units of limited partnership interest, or the Series S Preferred Units, with a liquidation preference of \$25.00 per unit. In August 2015, the Company issued 1,077,280 Series S Preferred Units in conjunction with an acquisition. The Series S Preferred unitholders receive annual dividends of \$1.00 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series S Preferred Units can be redeemed at any time at par for cash at the option of the unitholder.

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Through a consolidated subsidiary, we have authorized up to 109,161 3.5% Series A Preferred Units of limited partnership interest, or the Greene Series A Preferred Units, with a liquidation preference of \$1,000.00 per unit. In August 2015, the Company issued 109,161 Greene Series A Preferred Units in conjunction with an acquisition. The Greene Series A Preferred unitholders receive annual dividends of \$35.00 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Greene Series A Preferred Units can be redeemed at any time, at the option of the unitholder, either for cash or are convertible on a one-for-one basis, into the Series B Preferred Units of limited partnership interest, or the Greene Series B Preferred Units. The Greene Series B Preferred Units can be converted at any time, at the option of the unitholder, into a number of common stock equal to 6.71348 shares of common stock for each Greene Series B Preferred Unit. As of December 31, 2015, no Greene Series B Preferred Units have been issued.

Below is the rollforward analysis of the activity relating to the preferred units in the Operating Partnership as of December 31, 2015 and 2014 (in thousands):

	December 31,	
	2015	2014
Balance at beginning of period	\$71,115	\$49,550
Issuance of preferred units	211,601	23,565
Redemption of preferred units	(200	) (2,000
Balance at end of period	\$282,516	\$71,115

12. Stockholders' Equity of the Company

Common Stock

Our authorized capital stock consists of 260,000,000 shares, \$0.01 par value per share, consisting of 160,000,000 shares of common stock, \$0.01 par value per share, 75,000,000 shares of excess stock, at \$0.01 par value per share, and 25,000,000 shares of preferred stock, par value \$0.01 per share. As of December 31, 2015, 99,975,238 shares of common stock and no shares of excess stock were issued and outstanding.

At-The-Market Equity Offering Program

In July 2011, the Company, along with the Operating Partnership, entered into an "at-the-market" equity offering program, or ATM Program, to sell an aggregate of \$250.0 million of SL Green's common stock. During the year ended December 31, 2014, we sold 25,659 shares of our common stock out of the remaining balance of the ATM Program for aggregate net proceeds of \$2.8 million. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 25,659 units of limited partnership interest of the Operating Partnership. In June 2014, the Company, along with the Operating Partnership, entered into an "at-the-market" equity offering program, or ATM Program, to sell an aggregate of \$300.0 million of SL Green's common stock. During the year ended December 31, 2014, we sold 1,626,999 shares of our common stock for aggregate net proceeds of \$182.9 million. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 1,626,999 units of limited partnership interest of the Operating Partnership. During the three months ended March 31, 2015, we sold 895,956 shares of our common stock for aggregate net proceeds of \$113.4 million comprising the remaining balance of this ATM Program. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 895,956 units of limited partnership interest of the Operating Partnership.

In March 2015, the Company, along with the Operating Partnership, entered into a new ATM Program to sell an aggregate of \$300.0 million of SL Green's common stock. During the year ended December 31, 2015, we sold 91,180 shares of our common stock for aggregate net proceeds of \$12.0 million. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 91,180 units of limited partnership interest of the Operating Partnership. As of December 31, 2015, \$288.0 million remained available for issuance of common stock under the new ATM program.

Perpetual Preferred Stock

We have 9,200,000 shares of our 6.50% Series I Cumulative Redeemable Preferred Stock, or the Series I Preferred Stock, outstanding with a mandatory liquidation preference of \$25.00 per share. The Series I Preferred stockholders receive annual dividends of \$1.625 per share paid on a quarterly basis and dividends are cumulative, subject to certain provisions. We are entitled to redeem the Series I Preferred Stock at par for cash at our option on or after August 10, 2017. In August 2012, we received \$221.9 million in net proceeds from the issuance of the Series I Preferred Stock, which were recorded net of underwriters' discount and

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issuance costs, and contributed the net proceeds to the Operating Partnership in exchange for 9,200,000 units of 6.50% Series I Cumulative Redeemable Preferred Units of limited partnership interest, or the Series I Preferred Units.

Dividend Reinvestment and Stock Purchase Plan

In February 2015, the Company filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan, or DRSP, which automatically became effective upon filing. The Company registered 3,500,000 shares of SL Green's common stock under the DRSP. The DRSP commenced on September 24, 2001.

The following table summarizes SL Green common stock issued, and proceeds received from dividend reinvestments and/or stock purchases under the DRSP for the year ended December 31, 2015, 2014, and 2013, respectively (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Common Stock Shares Issued	775,760	608	761
Dividend reinvestments/stock purchases under the DRSP	\$99,555	\$64	\$67

Earnings per Share

SL Green's earnings per share for the years ended December 31, 2015, 2014, and 2013 are computed as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Numerator			
Basic Earnings:			
Income attributable to SL Green common stockholders	\$269,132	\$503,104	\$101,330
Effect of Dilutive Securities:			
Redemption of units to common shares	10,565	18,467	3,023
Diluted Earnings:			
Income attributable to SL Green common stockholders	\$279,697	\$521,571	\$104,353
Denominator			
Basic Shares:			
Weighted average common stock outstanding	99,345	95,774	92,269
Effect of Dilutive Securities:			
Redemption of units to common shares	3,899	3,514	2,735
Stock-based compensation plans	490	408	262
Diluted weighted average common stock outstanding	103,734	99,696	95,266

SL Green has excluded 263,991, 737,361, and 964,789 common stock equivalents from the diluted shares outstanding for the years ended December 31, 2015, 2014, and 2013 respectively, as they were anti-dilutive.

13. Partners' Capital of the Operating Partnership

The Company is the sole general partner of the Operating Partnership and at December 31, 2015 owned 99,975,238 general and limited partnership interests in the Operating Partnership and 9,200,000 Series I Preferred Units.

Partnership interests in the Operating Partnership are denominated as "common units of limited partnership interest" (also referred to as "OP Units") or "preferred units of limited partnership interest" (also referred to as "Preferred Units"). All references to OP Units and Preferred Units outstanding exclude such units held by the Company. A holder of an OP Unit may present such OP Unit to the Operating Partnership for redemption at any time (subject to restrictions agreed upon at the issuance of OP Units to particular holders that may restrict such right for a period of time, generally one year from issuance). Upon presentation of an OP Unit for redemption, the Operating Partnership must redeem such OP Unit in exchange for the cash equal to the then value of a share of common stock of the Company, except that the Company may, at its election, in lieu of cash redemption, acquire such OP Unit for one share of common stock. Because the number of shares of common stock outstanding at all times equals the number of OP Units that the

Company owns, one share of common stock is generally the economic equivalent of one OP Unit, and the quarterly distribution

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that may be paid to the holder of an OP Unit equals the quarterly dividend that may be paid to the holder of a share of common stock. Each series of Preferred Units makes a distribution that is set in accordance with an amendment to the partnership agreement of the Operating Partnership. Preferred Units may also be convertible into OP Units at the election of the holder thereof or the Company, subject to the terms of such Preferred Units.

Net income (loss) allocated to the preferred unitholders and common unitholders reflects their pro rata share of net income (loss) and distributions.

Limited Partner Units

As of December 31, 2015, limited partners other than SL Green owned 3.61%, or 3,745,766 common units, of the Operating Partnership.

Preferred Units

Preferred units not owned by SL Green are further described in Note 11, "Noncontrolling Interests on the Company's Consolidated Financial Statements - Preferred Units of Limited Partnership Interest in the Operating Partnership."

Earnings per Unit

The Operating Partnership's earnings per unit for the years ended December 31, 2015, 2014, and 2013 respectively are computed as follows (in thousands):

Numerator	Year Ended December 31,		
	2015	2014	2013
Basic and Diluted Earnings:			
Income attributable to SLGOP common unitholders	\$279,697	\$521,571	\$104,353
Denominator	Year Ended December 31,		
	2015	2014	2013
Basic units:			
Weighted average common units outstanding	103,244	99,288	95,004
Effect of Dilutive Securities:			
Stock-based compensation plans	490	408	262
Diluted weighted average common units outstanding	103,734	99,696	95,266

The Operating Partnership has excluded 263,991, 737,361 and 964,789 common unit equivalents from the diluted units outstanding for the years ended December 31, 2015, 2014, and 2013 respectively, as they were anti-dilutive.

14. Share-based Compensation

We have stock-based employee and director compensation plans. Our employees are compensated through the Operating Partnership. Under each plan, whenever the Company issues common or preferred stock, the Operating Partnership issues an equivalent number of units of limited partnership interest of a corresponding class to the Company.

Third Amended and Restated 2005 Stock Option and Incentive Plan

The Third Amended and Restated 2005 Stock Option and Incentive Plan, or the 2005 Plan, was approved by the Company's board of directors in April 2013 and its stockholders in June 2013 at the Company's annual meeting of stockholders. The 2005 Plan authorizes the issuance of stock options, stock appreciation rights, unrestricted and restricted stock, phantom shares, dividend equivalent rights and other equity-based awards. Subject to adjustments upon certain corporate transactions or events, awards with respect to up to a maximum of 17,130,000 fungible units may be granted under the 2005 Plan. Currently, different types of awards count against the limit on the number of fungible units differently, with (1) full-value awards (i.e., those that deliver the full value of the award upon vesting, such as restricted stock) counting as 2.76 fungible units per share subject to such award (2) stock options, stock appreciation rights and other awards that do not deliver full value and expire five years from the date of grant counting as 0.77 fungible units per share subject to such award and (3) all other awards (e.g., ten-year stock options) counting as 1.0 fungible units per share subject to such award. Awards granted under the 2005 Plan prior to the approval of the second amendment and restatement in June 2010 and third amendment and restatement in June 2013 continue to count

against the fungible unit limit based on the ratios that were in effect at the time such awards were granted, which may be different than the current ratios. As a

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result, depending on the types of awards issued, the 2005 Plan may result in the issuance of more or less than 17,130,000 shares. If a stock option or other award granted under the 2005 Plan expires or terminates, the common stock subject to any portion of the award that expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Shares of SL Green's common stock distributed under the 2005 Plan may be treasury shares or authorized but unissued shares. Currently, unless the 2005 Plan has been previously terminated by the Company's board of directors, new awards may be granted under the 2005 Plan until June 13, 2023, which is the tenth anniversary of the date that the 2005 Plan was most recently approved by the Company's stockholders. As of December 31, 2015, 1.1 million fungible units were available for issuance under the 2005 Plan after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units, including, among others, outstanding LTIP Units issued under our 2011 Long-Term Outperformance Plan.

Options are granted under the plan at the fair market value on the date of grant and, subject to employment, generally expire five or ten years from the date of grant, are not transferable other than on death, and generally vest in one to five years commencing one year from the date of grant.

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model based on historical information with the following weighted average assumptions for grants during the years ended December 31, 2015, 2014, and 2013.

	2015	2014	2013	
Dividend yield	1.97	% 1.60	% 1.92	%
Expected life of option	3.6 years	3.6 years	4.1 years	
Risk-free interest rate	1.43	% 1.29	% 0.96	%
Expected stock price volatility	32.34	% 33.97	% 36.12	%

A summary of the status of the Company's stock options as of December 31, 2015, 2014, and 2013 and changes during the years ended December 31, 2015, 2014, and 2013 are as follows:

	2015		2014		2013	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Balance at beginning of year	\$1,462,726	\$87.98	\$1,765,034	\$83.24	\$1,201,000	\$75.05
Granted	389,836	112.54	102,050	119.12	828,100	87.23
Exercised	(217,438)	) 74.69	(348,156)	) 72.76	(223,531)	) 53.93
Lapsed or cancelled	(40,117)	) 98.61	(56,202)	) 90.03	(40,535)	) 83.94
Balance at end of year	\$1,595,007	\$95.52	\$1,462,726	\$87.98	\$1,765,034	\$83.24
Options exercisable at end of year	589,055	\$89.85	428,951	\$90.32	\$461,458	\$89.38
Weighted average fair value of options granted during the year	\$9,522,613		\$2,841,678		\$18,041,576	

All options were granted with strike prices ranging from \$20.67 to \$137.18. The remaining weighted average contractual life of the options outstanding was 3.75 years and the remaining average contractual life of the options exercisable was 3.47 years.

During the years ended December 31, 2015, 2014, and 2013 respectively, we recognized \$8.0 million, \$8.1 million and \$6.5 million of compensation expense, respectively, for these options. As of December 31, 2015, there was \$14.9

million of total unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of three years.

Stock-based Compensation

Effective January 1, 1999, the Company implemented a deferred compensation plan, or the Deferred Plan, where shares issued under the Deferred Plan were granted to certain employees, including our executives and vesting will occur annually upon the completion of a service period or our meeting established financial performance criteria. Annual vesting occurs at rates ranging from 15% to 35% once performance criteria are reached.

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A summary of the Company's restricted stock as of December 31, 2015, 2014, and 2013 and charges during the years ended December 31, 2015, 2014, and 2013 are as follows:

	2015	2014	2013
Balance at beginning of year	3,000,979	2,994,197	2,804,901
Granted	143,053	9,550	192,563
Cancelled	(6,151)	(2,768)	(3,267)
Balance at end of year	3,137,881	3,000,979	2,994,197
Vested during the year	87,081	75,043	21,074
Compensation expense recorded	\$7,540,747	\$9,658,019	\$6,713,155
Weighted average fair value of restricted stock granted during the year	\$16,061,201	\$1,141,675	\$17,386,949

The fair value of restricted stock that vested during the years ended December 31, 2015, 2014, and 2013 was \$7.4 million and \$5.5 million, and \$1.6 million, respectively. As of December 31, 2015, there was \$21 million of total unrecognized compensation cost related to unvested restricted stock, which is expected to be recognized over a weighted average period of 2.7 years.

For the years ended December 31, 2015, 2014, and 2013, \$6.5 million, \$6.8 million and \$4.5 million, respectively, was capitalized to assets associated with compensation expense related to our long-term compensation plans, restricted stock and stock options.

We granted LTIP Units, which include bonus, time-based and performance based awards, with a fair value of \$25.4 million and \$33.2 million as of December 31, 2015 and 2014, respectively. The grant date fair value of the LTIP Unit awards was calculated in accordance with ASC 718. A third party consultant determined the fair value of the LTIP Units to have a discount from SL Green's common stock price. The discount was calculated by considering the inherent uncertainty that the LTIP Units will reach parity with other common partnership units and the illiquidity due to transfer restrictions. As of December 31, 2015, there was \$2.0 million of total unrecognized compensation expense related to the time-based and performance based awards, which is expected to be recognized over a weighted average period of 1.4 years. During the years ended December 31, 2015, 2014, and 2013, we recorded compensation expense related to bonus, time-based and performance based awards of \$30.2 million, \$31.4 million and \$27.3 million, respectively.

2010 Notional Unit Long-Term Compensation Plan

In December 2009, the compensation committee of the Company's board of directors approved the general terms of the SL Green Realty Corp. 2010 Notional Unit Long-Term Compensation Program, or the 2010 Long-Term Compensation Plan. The 2010 Long-Term Compensation Plan is a long-term incentive compensation plan pursuant to which award recipients could earn, in the aggregate, from \$15.0 million up to \$75.0 million of LTIP Units in the Operating Partnership based on the Company's stock price appreciation over three years beginning on December 1, 2009; provided that, if maximum performance had been achieved, \$25.0 million of awards could be earned at any time after the beginning of the second year and an additional \$25.0 million of awards could be earned at any time after the beginning of the third year. In order to achieve maximum performance under the 2010 Long-Term Compensation Plan, the Company's aggregate stock price appreciation during the performance period had to equal or exceed 50%. The compensation committee determined that maximum performance had been achieved at or shortly after the beginning of each of the second and third years of the performance period and for the full performance period and, accordingly, 385,583 LTIP Units, 327,416 LTIP Units and 327,416 LTIP Units were earned under the 2010 Long-Term Compensation Plan in December 2010, 2011 and 2012, respectively. Substantially in accordance with the original terms of the program, 50% of these LTIP Units vested on December 17, 2012 (accelerated from the original January 1, 2013 vesting date), 25% of these LTIP Units vested on December 11, 2013 (accelerated from the original January 1, 2014 vesting date) and the remainder vested on January 1, 2015 based on continued employment. In accordance with the terms of the 2010 Long-Term Compensation Plan, distributions were not paid on any LTIP Units

until they were earned, at which time we paid all distributions that would have been paid on the earned LTIP Units since the beginning of the performance period.

The cost of the 2010 Long-Term Compensation Plan (\$31.7 million, subject to forfeitures) was amortized into earnings through the final vesting period of January 1, 2015. We recorded compensation expense of \$2.7 million and \$4.5 million during the years ended December 31, 2014 and 2013, respectively, related to the 2010 Long-Term Compensation Plan.

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2011 Outperformance Plan

In August 2011, the compensation committee of the Company's board of directors approved the general terms of the SL Green Realty Corp. 2011 Outperformance Plan, or the 2011 Outperformance Plan. Participants in the 2011 Outperformance Plan could earn, in the aggregate, up to \$85.0 million of LTIP Units in the Operating Partnership based on our total return to stockholders for the three-year period beginning September 1, 2011. Under the 2011 Outperformance Plan, participants were entitled to share in a "performance pool" comprised of LTIP Units with a value equal to 10% of the amount by which our total return to stockholders during the three-year period exceeded a cumulative total return to stockholders of 25%, subject to the maximum of \$85.0 million of LTIP Units; provided that if maximum performance was achieved, one-third of each award could be earned at any time after the beginning of the second year and an additional one-third of each award could be earned at any time after the beginning of the third year. LTIP Units earned under the 2011 Outperformance Plan are subject to continued vesting requirements, with 50% of any awards earned vested on August 31, 2014 and the remaining 50% vesting on August 31, 2015, subject to continued employment with us through such dates. Participants were not entitled to distributions with respect to LTIP Units granted under the 2011 Outperformance Plan unless and until they were earned. For LTIP Units that were earned, each participant was also entitled to the distributions that would have been paid had the number of earned LTIP Units been issued at the beginning of the performance period, with such distributions being paid in the form of additional LTIP Units. Thereafter, distributions are to be paid currently with respect to all earned LTIP Units, whether vested or unvested. In June 2014, the compensation committee determined that maximum performance had been achieved during the third year of the performance period and, accordingly, 560,908 LTIP Units, representing two-thirds of each award, were earned, subject to vesting, under the 2011 Outperformance Plan. In September 2014, the compensation committee determined that maximum performance had been achieved for the full three-year performance period and, accordingly, 280,454 LTIP units, representing the final third of each award, were earned, subject to vesting, under the 2011 Outperformance Plan.

The cost of the 2011 Outperformance Plan (\$26.7 million, subject to forfeitures) was amortized into earnings through the final vesting period. We recorded compensation expense of \$4.5 million, \$8.6 million and \$8.0 million during the years ended December 31, 2015, 2014, and 2013, respectively, related to the 2011 Outperformance Plan.

2014 Outperformance Plan

In August 2014, the compensation committee of the Company's board of directors approved the general terms of the SL Green Realty Corp. 2014 Outperformance Plan, or the 2014 Outperformance Plan. Participants in the 2014 Outperformance Plan may earn, in the aggregate, up to 610,000 LTIP Units in our Operating Partnership based on our total return to stockholders for the three-year period beginning September 1, 2014. For each individual award, two-thirds of the LTIP Units may be earned based on the Company's absolute total return to stockholders and one-third of the LTIP Units may be earned based on relative total return to stockholders compared to the constituents of the MSCI REIT Index. Awards earned based on absolute total return to stockholders will be determined independently of awards earned based on relative total return to stockholders. In the event the Company's performance reaches either threshold before the end of the three-year performance period, a pro-rata portion of the maximum award may be earned. For each component, if the Company's performance reaches the maximum threshold beginning with the 19th month of the performance period, participants will earn one-third of the maximum award that may be earned for that component. If the Company's performance reaches the maximum threshold during the third year of the performance period for a component, participants will earn two-thirds (or an additional one-third) of the maximum award that may be earned for that component. LTIP Units earned under the 2014 Outperformance Plan will be subject to continued vesting requirements, with 50% of any awards earned vesting on August 31, 2017 and the remaining 50% vesting on August 31, 2018, subject to continued employment with us through such dates. Participants will not be entitled to distributions with respect to LTIP Units granted under the 2014 Outperformance Plan unless and until they are earned. If LTIP Units are earned, each participant will also be entitled to the distributions that would have been paid had the number of earned LTIP Units been issued at the beginning of the performance period, with such distributions being

paid in the form of cash or additional LTIP Units. Thereafter, distributions will be paid currently with respect to all earned LTIP Units, whether vested or unvested.

The cost of the 2014 Outperformance Plan (\$27.9 million, subject to forfeitures), based on the portion of the 2014 Outperformance Plan granted as of December 31, 2015, will be amortized into earnings through the final vesting period. We recorded compensation expense of \$5.9 million and \$0.2 million during the years ended December 31, 2015 and 2014, respectively, related to the 2014 Outperformance Plan.

Deferred Compensation Plan for Directors

Under our Non-Employee Director's Deferral Program, which commenced July 2004, the Company's non-employee directors may elect to defer up to 100% of their annual retainer fee, chairman fees, meeting fees and annual stock grant. Unless otherwise elected by a participant, fees deferred under the program shall be credited in the form of phantom stock units. The program provides

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that a director's phantom stock units generally will be settled in an equal number of shares of common stock upon the earlier of (i) the January 1 coincident with or the next following such director's termination of service from the Board of Directors or (ii) a change in control by us, as defined by the program. Phantom stock units are credited to each non-employee director quarterly using the closing price of SL Green's common stock on the first business day of the respective quarter. Each participating non-employee director is also credited with dividend equivalents or phantom stock units based on the dividend rate for each quarter, which are either paid in cash currently or credited to the director's account as additional phantom stock units.

During the year ended December 31, 2015, 9,353 phantom stock units were earned and 5,928 shares of common stock were issued to our board of directors. We recorded compensation expense of \$1.9 million during the year ended December 31, 2015 related to the Deferred Compensation Plan. As of December 31, 2015, there were 80,768 phantom stock units outstanding pursuant to our Non-Employee Director's Deferral Program.

Employee Stock Purchase Plan

In 2007, the Company's board of directors adopted the 2008 Employee Stock Purchase Plan, or ESPP, to encourage our employees to increase their efforts to make our business more successful by providing equity-based incentives to eligible employees. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code, and has been adopted by the board to enable our eligible employees to purchase the Company's shares of common stock through payroll deductions. The ESPP became effective on January 1, 2008 with a maximum of 500,000 shares of the common stock available for issuance, subject to adjustment upon a merger, reorganization, stock split or other similar corporate change. The Company filed a registration statement on Form S-8 with the SEC with respect to the ESPP. The common stock is offered for purchase through a series of successive offering periods. Each offering period will be three months in duration and will begin on the first day of each calendar quarter, with the first offering period having commenced on January 1, 2008. The ESPP provides for eligible employees to purchase the common stock at a purchase price equal to 85% of the lesser of (1) the market value of the common stock on the first day of the offering period or (2) the market value of the common stock on the last day of the offering period. The ESPP was approved by our stockholders at our 2008 annual meeting of stockholders. As of December 31, 2015, 87,273 shares of SL Green's common stock had been issued under the ESPP.

15. Accumulated Other Comprehensive Loss

The following tables set forth the changes in accumulated other comprehensive income (loss) by component as of December 31, 2015, 2014 and 2013 (in thousands):

	Net unrealized (loss) gain on derivative instruments ⁽¹⁾	SL Green's share of joint venture net unrealized (loss) gain on derivative instruments ⁽²⁾	Unrealized gain (loss) on marketable securities	Total
Balance at December 31, 2012	\$(16,834	) \$(16,063	) \$3,310	\$(29,587)
Other comprehensive (loss) income before reclassifications	(168	) 6,267	1,474	7,573
Amounts reclassified from accumulated other comprehensive income	1,877	4,926	—	6,803
Balance at December 31, 2013	(15,125	) (4,870	) 4,784	(15,211)
Other comprehensive (loss) income before reclassifications	(576	) 2,847	(2,692	) (421)
Amounts reclassified from accumulated other comprehensive income	6,203	1,928	521	8,652
Balance at December 31, 2014	(9,498	) (95	) 2,613	(6,980)

Other comprehensive loss before reclassifications	(11,143	)	(1,714	)	(610	)	(13,467)
Amounts reclassified from accumulated other comprehensive income	10,481		1,217		—		11,698	
Balance at December 31, 2015	\$(10,160)	\$(592)	\$2,003		\$(8,749)

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- (1) Amount reclassified from accumulated other comprehensive income (loss) is included in interest expense in the respective consolidated statements of operations. As of December 31, 2015 and 2014, the deferred net losses from these terminated hedges, which is included in accumulated other comprehensive loss relating to net unrealized loss on derivative instrument, was \$9.7 million and \$11.8 million, respectively.
- (2) Amount reclassified from accumulated other comprehensive income (loss) is included in equity in net income from unconsolidated joint ventures in the respective consolidated statements of operations.

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16. Fair Value Measurements

We are required to disclose fair value information with regard to our financial instruments, whether or not recognized in the consolidated balance sheets, for which it is practical to estimate fair value. The FASB guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. We measure and/or disclose the estimated fair value of financial assets and liabilities based on a hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions. This hierarchy consists of three broad levels: Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date; Level 2 - inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 - unobservable inputs for the asset or liability that are used when little or no market data is available. We follow this hierarchy for our assets and liabilities measured at fair value on a recurring and nonrecurring basis. In instances in which the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level of input that is significant to the fair value measurement in its entirety. Our assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following tables set forth the assets and liabilities that we measure at fair value on a recurring and non-recurring basis by their levels in the fair value hierarchy at December 31, 2015 and 2014 (in thousands):

	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities	\$45,138	\$4,704	\$40,434	\$—
Interest rate cap and swap agreements (included in other assets)	\$204	\$—	\$204	\$—
Liabilities:				
Interest rate cap swap agreements (included in accrued interest payable and other liabilities)	\$10,776	\$—	\$10,776	\$—
	December 31, 2014			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities	\$39,429	\$4,332	\$35,097	\$—
Interest rate swap agreements (included in other assets)	\$2,174	\$—	\$2,174	\$—
Liabilities:				
Interest rate swap agreements (included in accrued interest payable and other liabilities)	\$14,728	\$—	\$14,728	\$—

We determine other than temporary impairment in real estate investments and debt and preferred equity investments, including intangibles utilizing cash flow projections that apply, among other things, estimated revenue and expense growth rates, discount rates and capitalization rates, which are classified as Level 3 inputs.

The marketable securities classified as Level 1 were derived from quoted prices in active markets. The valuation technique used to measure the fair value of the marketable securities classified as Level 2 were valued based on quoted market prices or model driven valuations using the significant inputs derived from or corroborated by observable market data. Marketable securities in an unrealized loss position are not considered to be other than temporarily impaired. We do not intend to sell these securities and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost bases.

The fair value of derivative instruments is based on current market data received from financial sources that trade such instruments and are based on prevailing market data and derived from third party proprietary models based on well-recognized financial principles and reasonable estimates about relevant future market conditions, which are classified as Level 2 inputs.

The financial assets and liabilities that are not measured at fair value on our consolidated balance sheets include cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses, debt and preferred equity

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investments, mortgages and other loans payable and other secured and unsecured debt. The carrying amount of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued expenses reported in our consolidated balance sheets approximates fair value due to the short term nature of these instruments. The fair value of debt and preferred equity investments, which is classified as Level 3, is estimated by discounting the future cash flows using current interest rates at which similar loans with the same maturities would be made to borrowers with similar credit ratings. The fair value of borrowings, which is classified as Level 3, is estimated by discounting the contractual cash flows of each debt to their present value using adjusted market interest rates, which is provided by a third-party specialist.

The following table provides the carrying value and fair value of these financial instruments as of December 31, 2015 and December 31, 2014 (in thousands):

	December 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt and preferred equity investments	\$1,670,020	(1)	\$1,408,804	(1)
Fixed rate debt	\$7,232,254	\$7,591,388	\$6,140,786	\$6,565,236
Variable rate debt ⁽²⁾	3,202,494	3,179,186	2,291,943	2,315,952
	\$10,434,748	\$10,770,574	\$8,432,729	\$8,881,188

At December 31, 2015, debt and preferred equity investments had an estimated fair value ranging between \$1.7 (1) billion and \$1.8 billion. At December 31, 2014, debt and preferred equity investments had an estimated fair value ranging between \$1.5 billion and \$1.8 billion.

Includes the \$29.0 million mortgage at 248-252 Bedford Avenue that is included in liabilities related to assets held for sale on the consolidated balance sheets at December 31, 2015. Includes the \$253.9 million mortgage at 180 (2) Maiden Lane that is included in liabilities related to assets held for sale on the consolidated balance sheets at December 31, 2014.

Disclosure about fair value of financial instruments was based on pertinent information available to us as of December 31, 2015 and 2014. Although we are not aware of any factors that would significantly affect the reasonable fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

17. Financial Instruments: Derivatives and Hedging

In the normal course of business, we use a variety of commonly used derivative instruments, such as interest rate swaps, caps, collar and floors, to manage, or hedge interest rate risk. We hedge our exposure to variability in future cash flows for forecasted transactions in addition to anticipated future interest payments on existing debt. We recognize all derivatives on the balance sheets at fair value. Derivatives that are not hedges are adjusted to fair value through earnings. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedge asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. Reported net income and equity may increase or decrease prospectively, depending on future levels of interest rates and other variables affecting the fair values of derivative instruments and hedged items, but will have no effect on cash flows. Currently, all of our designated derivative instruments are effective hedging instruments.

The following table summarizes the notional value at inception and fair value of our consolidated derivative financial instruments at December 31, 2015 based on Level 2 information. The notional value is an indication of the extent of our involvement in these instruments at that time, but does not represent exposure to credit, interest rate or market

risks (amounts in thousands).

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	Notional Value	Strike Rate	Effective Date	Expiration Date	Balance Sheet Location	Fair Value
Interest Rate Cap - Sold \$504,000	\$504,000	4.750	% May 2014	May 2016	Other Liabilities	\$—
Interest Rate Cap	504,000	4.750	% May 2014	May 2016	Other Assets	—
Interest Rate Cap	500,000	4.750	% October 2014	May 2016	Other Assets	—
Interest Rate Cap - Sold 500,000	500,000	4.750	% November 2014	May 2016	Other Liabilities	—
Interest Rate Cap	446,000	4.750	% October 2014	May 2016	Other Assets	—
Interest Rate Swap	200,000	0.938	% October 2014	December 2017	Other Assets	71
Interest Rate Swap	150,000	0.940	% October 2014	December 2017	Other Assets	47
Interest Rate Swap	150,000	0.940	% October 2014	December 2017	Other Assets	47
Interest Rate Swap	144,000	2.236	% December 2012	December 2017	Other Liabilities	(3,516)
Interest Rate Swap	86,400	1.948	% December 2012	December 2017	Other Liabilities	(1,630)
Interest Rate Swap	72,000	2.310	% December 2012	December 2017	Other Liabilities	(1,862)
Interest Rate Swap	72,000	1.345	% December 2012	December 2017	Other Liabilities	(522)
Interest Rate Swap	72,000	2.310	% December 2012	December 2017	Other Liabilities	(1,859)
Interest Rate Swap	57,600	1.990	% December 2012	December 2017	Other Liabilities	(1,134)
Interest Rate Swap	30,000	2.295	% July 2010	June 2016	Other Liabilities	(241)
Interest Rate Swap	14,409	0.500	% January 2015	January 2017	Other Assets	36
Interest Rate Swap	8,018	0.852	% February 2015	February 2017	Other Liabilities	(12)
Interest Rate Cap	137,500	4.000	% September 2015	September 2017	Other Assets	3
						\$(10,572)

During the years ended December 31, 2015, 2014, and 2013, we recorded a gain on the changes in the fair value of \$15,000, \$61,000, and \$16,000 respectively, which is included in interest expense on the consolidated statements of operations.

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company either defaults or is capable of being declared in default on any of its indebtedness, then the Company could also be declared in default on its derivative obligations. As of December 31, 2015, the fair value of derivatives in a net liability position including accrued interest but excluding any adjustment for nonperformance risk related to these agreements was \$11.3 million. As of December 31, 2015, the Company has not posted any collateral related to these agreements and was not in breach of any agreement provisions. If the Company had breached any of these provisions, it could have been required to settle its obligations under the agreements at their aggregate termination value of \$11.3 million at December 31, 2015.

Gains and losses on terminated hedges are included in accumulated other comprehensive loss, and are recognized into earnings over the term of the related mortgage obligation. Over time, the realized and unrealized gains and losses held in accumulated other comprehensive loss will be reclassified into earnings as an adjustment to interest expense in the same periods in which the hedged interest payments affect earnings. We estimate that \$5.5 million of the current balance held in accumulated other comprehensive loss will be reclassified into interest expense and \$0.7 million of the portion related to our share of joint venture accumulated other comprehensive loss will be reclassified into equity in

net income from unconsolidated joint ventures within the next 12 months.

The following table presents the effect of our derivative financial instruments and our share of our joint ventures' derivative financial instruments that are designated and qualify as hedging instruments on the consolidated statements of operations for the years ended December 31, 2015 and 2014, respectively (in thousands):

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	Amount of (Loss) Gain Recognized in Other Comprehensive Loss (Effective Portion)			Location of (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income	Amount of Loss Reclassified from Accumulated Other Comprehensive Loss (Effective Portion)			Location of (Loss) or Gain Recognized in Income on Derivative	Amount of (Loss) or Gain Recognized into Income (Ineffective Portion)		
	Year Ended December 31, 2015	2014	2013		Year Ended December 31, 2015	2014	2013		Year Ended December 31, 2015	2014	2013
Derivative Interest Rate Swaps/Caps	\$(11,607)	\$(703)	\$(68)	Interest expense	\$10,892	\$6,431	\$1,933	Interest expense	\$(422)	\$4	\$3
Share of unconsolidated joint ventures' derivative instruments	(1,779)	2,916	6,553	Equity in net income from unconsolidated joint ventures	1,265	1,999	5,072	Equity in net income from unconsolidated joint ventures	(19)	—	—
	\$(13,386)	\$2,213	\$6,485		\$12,157	\$8,430	\$7,005		\$(441)	\$4	\$3

18. Rental Income

The Operating Partnership is the lessor and the sublessor to tenants under operating leases with expiration dates ranging from January 1, 2016 to 2064. The minimum rental amounts due under the leases are generally either subject to scheduled fixed increases or adjustments. The leases generally also require that the tenants reimburse us for increases in certain operating costs and real estate taxes above their base year costs. Approximate future minimum rents to be received over the next five years and thereafter for non-cancelable operating leases in effect at December 31, 2015 for the consolidated properties, including consolidated joint venture properties, and our share of unconsolidated joint venture properties are as follows (in thousands):

	Consolidated Properties	Unconsolidated Properties
2016	\$1,181,279	\$175,027
2017	1,162,046	181,804
2018	1,087,356	177,630
2019	996,282	167,695
2020	940,948	158,575
Thereafter	6,780,451	958,010
	\$12,148,362	\$1,818,741

19. Benefit Plans

The building employees are covered by multi-employer defined benefit pension plans and post-retirement health and welfare plans. We participate in the Building Service 32BJ, or Union, Pension Plan and Health Plan. The Pension Plan is a multi-employer, non-contributory defined benefit pension plan that was established under the terms of collective bargaining agreements between the Service Employees International Union, Local 32BJ, the Realty Advisory Board on Labor Relations, Inc. and certain other employees. This Pension Plan is administered by a joint board of trustees consisting of union trustees and employer trustees and operates under employer identification number 13-1879376. The Pension Plan year runs from July 1 to June 30. Employers contribute to the Pension Plan at a fixed rate on behalf of each covered employee. Separate actuarial information regarding such pension plans is not made available to the contributing employers by the union administrators or trustees, since the plans do not maintain separate records for

each reporting unit. However, on September 28, 2013, September 30, 2014, and September 28, 2015, the actuary certified that for the plan years beginning July 1, 2013, July 1, 2014, and July 1, 2015, respectively, the Pension Plan was in critical status under the Pension Protection Act of 2006. The Pension Plan trustees adopted a rehabilitation plan consistent with this requirement. No surcharges have been paid to the Pension Plan as of December 31, 2015. The Pension Plan received contributions from employers totaling \$242.3 million, \$226.7 million and \$221.9 million, for the plan years beginning July 1, 2012, July 2013 and July 2014, respectively.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

The Health Plan was established under the terms of collective bargaining agreements between the Union, the Realty Advisory Board on Labor Relations, Inc. and certain other employers. The Health Plan provides health and other benefits to eligible participants employed in the building service industry who are covered under collective bargaining agreements, or other written agreements, with the Union. The Health Plan is administered by a Board of Trustees with equal representation by the employers and the Union and operates under employer identification number 13-2928869. The Health Plan receives contributions in accordance with collective bargaining agreements or participation agreements. Generally, these agreements provide that the employers contribute to the Health Plan at a fixed rate on behalf of each covered employee. For the Health plan years ended, June 30, 2015, 2014, and 2013, the plan received contributions from employers totaling \$1.1 billion, \$1.0 billion, and \$923.5 million, respectively. Our contributions to the Health Plan represent less than 5.0% of total contributions to the plan.

Contributions we made to the multi-employer plans for the years ended December 31, 2015, 2014 and 2013 are included in the table below (in thousands):

Benefit Plan	2015	2014	2013
Pension Plan	\$2,732	\$2,807	\$2,765
Health Plan	8,736	8,470	8,522
Other plans	5,716	5,838	6,006
Total plan contributions	\$17,184	\$17,115	\$17,293
401(K) Plan			

In August 1997, we implemented a 401(K) Savings/Retirement Plan, or the 401(K) Plan, to cover eligible employees of ours, and any designated affiliate. The 401(K) Plan permits eligible employees to defer up to 15% of their annual compensation, subject to certain limitations imposed by the Code. The employees' elective deferrals are immediately vested and non-forfeitable upon contribution to the 401(K) Plan. During 2000, we amended our 401(K) Plan to include a matching contribution, subject to ERISA limitations, equal to 50% of the first 4% of annual compensation deferred by an employee. During 2003, we amended our 401(K) Plan to provide for discretionary matching contributions only. For 2015, 2014 and 2013, a matching contribution equal to 50% of the first 6% of annual compensation was made. For each of the years ended December 31, 2015, 2014 and 2013, we made matching contributions of \$550,000.

20. Commitments and Contingencies

Legal Proceedings

As of December 31, 2015, the Company and the Operating Partnership were not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against us or our portfolio which if adversely determined could have a material adverse impact on us other than routine litigation arising in the ordinary course of business or litigation that is adequately covered by insurance.

Environmental Matters

Our management believes that the properties are in compliance in all material respects with applicable Federal, state and local ordinances and regulations regarding environmental issues. Management is not aware of any environmental liability that it believes would have a materially adverse impact on our financial position, results of operations or cash flows. Management is unaware of any instances in which it would incur significant environmental cost if any of our properties were sold.

Employment Agreements

We have entered into employment agreements with certain executives, which expire between January 2016 and January 2019. The minimum cash-based compensation, including base salary and guaranteed bonus payments, associated with these employment agreements total \$5.0 million for 2016. In addition these employment agreements provide for deferred compensation awards based on our stock price and which were valued at \$1.5 million on the grant date. The value of these awards may change based on fluctuations in our stock price.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

Insurance

We maintain “all-risk” property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism) within three property insurance portfolios and liability insurance. The first property portfolio maintains a blanket limit of \$950.0 million per occurrence, including terrorism, for the majority of the New York City properties in our portfolio and expires December 31, 2017. The second portfolio maintains a limit of \$1.5 billion per occurrence, including terrorism, for several New York City properties and the majority of the Suburban properties and expires December 31, 2017. Each of these policies includes \$100.0 million of flood coverage, with a lower sublimit for locations in high hazard flood zones. A third blanket property policy covers most of our residential assets and maintains a limit of \$380.1 million per occurrence, including terrorism, for our residential properties and expires January 31, 2018. We maintain two liability policies which cover all our properties and provide limits of \$201.0 million per occurrence and in the aggregate per location. The liability policies expire on October 31, 2016 and January 31, 2017 and cover our commercial and residential assets, respectively. Additional coverage may be purchased on a stand-alone basis for certain assets.

In October 2006, we formed a wholly-owned taxable REIT subsidiary, Belmont, to act as a captive insurance company and as one of the elements of our overall insurance program. Belmont is a subsidiary of ours. Belmont was formed in an effort to, among other reasons, stabilize the fluctuations of insurance market conditions. Belmont is licensed in New York to write Terrorism, NBCR (nuclear, biological, chemical, and radiological), General Liability, Environmental Liability and D&O coverage.

On January 12, 2015, the Terrorism Risk Insurance Program Reauthorization and Extension Act of 2007 (TRIPRA) (formerly the Terrorism Risk Insurance Act) was reauthorized until December 31, 2020 pursuant to the Terrorism Insurance Program Reauthorization and Extension Act of 2015. The TRIPRA extends the federal Terrorism Insurance Program that requires insurance companies to offer terrorism coverage and provides for compensation for insured losses resulting from acts of certified terrorism, subject to the current program trigger of \$100.0 million, which will increase by \$20 million per annum, commencing December 31, 2015. Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), mezzanine loans, ground leases, our 2012 credit facility, senior unsecured notes and other corporate obligations, contain customary covenants requiring us to maintain insurance. Although we believe that we currently maintain sufficient insurance coverage to satisfy these obligations, there is no assurance that in the future we will be able to procure coverage at a reasonable cost. In such instances, there can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from “all-risk” insurance coverage for losses due to terrorist acts is a breach of these debt and ground lease instruments allowing the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions. In addition, if lenders prevail in asserting that we are required to maintain full coverage for these risks, it could result in substantially higher insurance premiums.

We own Belmont and the accounts of Belmont are part of our consolidated financial statements. If Belmont experiences a loss and is required to pay under its insurance policy, we would ultimately record the loss to the extent of Belmont’s required payment. Therefore, insurance coverage provided by Belmont should not be considered as the equivalent of third-party insurance, but rather as a modified form of self-insurance.

We monitor all properties that are subject to triple net leases to ensure that tenants are providing adequate coverage. Certain joint ventures may be covered under policies separate from our policies, at coverage limits which we deem to be adequate. We continually monitor these policies. Although we consider our insurance coverage to be appropriate, in the event of a major catastrophe, we may not have sufficient coverage to replace certain properties.

Belmont had loss reserves of \$6.4 million and \$6.1 million as of December 31, 2015 and 2014, respectively.

Capital and Ground Leases Arrangements

In 2015, we entered into a ground lease for the land and building located at 30 East 40th Street with a lease term ending in August 2114. Based on our evaluation of the arrangement under ASC 840, land was estimated to be approximately 63.6% of the fair market value of the property. The portion attributable to land was classified as

operating lease and the remainder as a capital lease in the amount of \$20.0 million.

In November 2013, we renewed and extended the maturity date of the ground lease at 420 Lexington Avenue from December 31, 2029 through December 31, 2050, with two options for further extension through December 2085. Ground lease rent payments will be \$10.9 million annually through December 2019, \$11.2 million annually through December 2029 and then beginning in January 2030 through the remaining lease term, a minimum annual rent of \$12.3 million, subject to a one-time adjustment based on 6% of the fair value of the land.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

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December 31, 2015

In October 2012, we, together with Stonehenge Partners, acquired a leasehold position at 1080 Amsterdam Avenue. The joint venture prepaid \$13.0 million of ground lease rent, which will be applied against rental payments over the term of the lease. The lease will expire on July 31, 2111 or earlier in accordance with the terms of the lease agreement. Land was estimated to be of the fair market value of the property. The portion of the lease attributed to land was classified as an operating lease and the remainder as a capital lease which had a cost basis of \$27.4 million and accumulated amortization of \$0.4 million as of December 31, 2015.

The property located at 711 Third Avenue operates under an operating sub-lease, which expires in 2083. The ground rent was reset in July 2011. Following the reset, we are responsible for ground rent payments of \$5.25 million annually through July 2016 and then \$5.5 million annually thereafter on the 50% portion of the fee that we do not own.

The property located at 461 Fifth Avenue operates under a ground lease (\$2.1 million of ground rent annually) with an expiration date of 2027 and two options to renew for an additional 21 years each, followed by a third option for 15 years. We also have an option to purchase the fee position for a fixed price on a specific date.

The property located at 625 Madison Avenue operates under a ground lease (\$4.6 million of ground rent annually) with an expiration date of 2022 and two options to renew for an additional 23 years.

The property located at 1185 Avenue of the Americas operates under a ground lease (\$6.9 million of ground rent annually) with an expiration of 2043 and an option to renew for an additional 23 years.

The following is a schedule of future minimum lease payments under capital leases and non-cancellable operating leases with initial terms in excess of one year as of December 31, 2015 (in thousands):

	Capital lease	Non-cancellable operating leases
2016	\$2,266	\$30,816
2017	2,387	31,049
2018	2,387	31,049
2019	2,411	31,066
2020	2,620	31,436
Thereafter	825,483	764,352
Total minimum lease payments	837,554	\$919,768
Less amount representing interest	(796,194))
Capital lease obligations	\$41,360	

21. Segment Information

The Company is a REIT engaged in all aspects of property ownership and management including investment, leasing operations, capital improvements, development and redevelopment, financing, construction and maintenance in the New York Metropolitan area and have two reportable segments, real estate and debt and preferred equity. We evaluate real estate performance and allocate resources based on earnings contribution to income from continuing operations. The primary sources of revenue are generated from tenant rents and escalations and reimbursement revenue. Real estate property operating expenses consist primarily of security, maintenance, utility costs, real estate taxes and ground rent expense (at certain applicable properties). See Note 5, "Debt and Preferred Equity Investments," for additional details on our debt and preferred equity investments.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

Selected results of operations for the years ended December 31, 2015, 2014, and 2013, and selected asset information as of December 31, 2015 and 2014, regarding our operating segments are as follows (in thousands):

	Real Estate Segment	Debt and Preferred Equity Segment	Total Company
Total revenues			
Years ended:			
December 31, 2015	\$1,481,701	\$181,128	\$1,662,829
December 31, 2014	1,341,163	178,815	1,519,978
December 31, 2013	1,177,222	193,843	1,371,065
Income from continuing operations before equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price fair value adjustment, gain on sale of real estate and depreciable real estate reserves			
Years ended:			
December 31, 2015	\$(63,345	) \$153,585	\$90,240
December 31, 2014	22,178	150,852	173,030
December 31, 2013	(49,793	) 159,193	109,400
Total assets			
As of:			
December 31, 2015	\$18,175,665	\$1,682,276	\$19,857,941
December 31, 2014	15,671,662	1,424,925	17,096,587

Income from continuing operations represents total revenues less total expenses for the real estate segment and total investment income less allocated interest expense for the debt and preferred equity segment. Interest costs for the debt and preferred equity segment are imputed assuming the portfolio is 100% leveraged by our 2012 revolving credit facility and corporate borrowing cost. We also allocate loan loss reserves, net of recoveries, and transaction related costs to the debt and preferred equity segment. We do not allocate marketing, general and administrative expenses (totaling \$94.9 million, \$92.5 million, and \$86.2 million for the years ended December 31, 2015, 2014, and 2013 respectively) to the debt and preferred equity segment since we base performance on the individual segments prior to allocating marketing, general and administrative expenses. All other expenses, except interest, relate entirely to the real estate assets.

There were no transactions between the above two segments.

The table below reconciles income from continuing operations to net income for the years ended December 31, 2015, 2014, and 2013 (in thousands):

	Year ended December 31,		
	2015	2014	2013
Income from continuing operations before equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price fair value adjustment, gain on sale of real estate and depreciable real estate reserves	\$90,240	\$173,030	\$109,400
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	15,844	123,253	3,601
Purchase price fair value adjustment	40,078	67,446	(2,305
Gain on sale of real estate	175,974	—	—
Depreciable real estate reserves	(19,226) —	—
Income from continuing operations	302,910	363,729	110,696

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Net income from discontinued operations	427	19,075	25,687
Gain on sale of discontinued operations	14,122	163,059	14,900
Net income	\$317,459	\$545,863	\$151,283

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

22. Quarterly Financial Data of the Company (unaudited)

Summarized quarterly financial data for the years ended December 31, 2015 and 2014, which is reflective of the reclassification of the properties sold or held for sale during 2015 and 2014 as discontinued operations (see Note 4, "Properties Held for Sale and Dispositions"), was as follows (in thousands, except for per share amounts):

2015 Quarter Ended	December 31	September 30	June 30	March 31	
Total revenues	\$425,390	\$432,066	\$409,074	\$396,299	
Income from continuing operations before equity in net (loss) gain, gain on sale of interest in unconsolidated joint venture/real estate, purchase price fair value adjustment, gain on sale of real estate, depreciable real estate reserves and loss on early extinguishment of debt	47,760	11,637	(36,137	) 33,654
Equity in net (loss) gain on sale of interest in unconsolidated joint venture/real estate	(206	) 15,281	769	—
Purchase price fair value adjustment	40,078	—	—	—	
Gain on sale of real estate	16,270	159,704	—	—	
Depreciable real estate reserves	—	(19,226) —	—	
Loss on early extinguishment of debt	—	—	—	(49)
Net income from discontinued operations	—	—	—	427	
Gain on sale of discontinued operations	1,139	—	—	12,983	
Net income (loss) attributable to SL Green	105,041	−167,396	−(35,368	) 47,015
Perpetual preferred stock dividends	(3,738) (3,738) (3,738) (3,738)
Net income (loss) attributable to SL Green common stockholders	\$101,303	\$163,658	\$(39,106	) \$43,277
Net income (loss) attributable to common stockholders per common share—basic	\$1.02	\$1.64	\$(0.39	) \$0.44
Net income (loss) attributable to common stockholders per common share—diluted	\$1.01	\$1.64	\$(0.39	) \$0.44
2014 Quarter Ended	December 31	September 30	June 30	March 31	
Total revenues	\$386,627	\$390,274	\$380,631	\$362,446	
Income from continuing before equity in net gain on sale of interest in unconsolidated joint venture/real estate, (loss) gain on early extinguishment of debt, gain on sale of investment in marketable securities, net of noncontrolling interests	\$40,379	\$46,863	\$47,035	\$39,416	
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	673	16,496	1,444	104,640	
Purchase price fair value adjustment	—	(4,000	) 71,446	—
(Loss) gain on early extinguishment of debt	(6,865	) (24,475	) (1,028	) 3
Gain on sale of investment in marketable securities	3,895	—	—	—	
Net income from discontinued operations	3,626	4,035	5,645	5,769	
Gain on sale of discontinued operations	18,817	29,507	114,735	—	
Net income attributable to SL Green	60,525	68,426	239,277	149,828	
Perpetual preferred stock dividends	(3,738) (3,738) (3,738) (3,738)
Net income attributable to SL Green common stockholders	\$56,787	\$64,688	\$235,539	\$146,090	

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Net income attributable to common stockholders per common share—basic	\$0.59	\$0.68	\$2.47	\$1.54
Net income attributable to common stockholders per common share—diluted	\$0.59	\$0.68	\$2.46	\$1.53

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Notes to Consolidated Financial Statements (cont.)

December 31, 2015

23. Quarterly Financial Data of the Operating Partnership (unaudited)

Summarized quarterly financial data for the years ended December 31, 2015 and 2014, which is reflective of the reclassification of the properties sold or held for sale during 2015 and 2014 as discontinued operations (see Note 4, "Properties Held for Sale and Dispositions"), was as follows (in thousands, except for per share amounts):

2015 Quarter Ended	December 31	September 30	June 30	March 31
Total revenues	\$425,390	\$432,066	\$409,074	\$396,299
Income (loss) from continuing operations before equity in net (loss) gain on sale of interest in unconsolidated joint venture/real estate, purchase price fair value adjustment, gain on sale of real estate, depreciable real estate reserves and loss on early extinguishment of debt	\$51,691	\$18,104	\$(37,714)	) \$35,397
Equity in net (loss) gain on sale of interest in unconsolidated joint venture/real estate	(206	) 15,281	769	—
Purchase price fair value adjustment	40,078	—	—	—
Gain on sale of real estate	16,270	159,704	—	—
Depreciable real estate reserves	—	(19,226) —	—
Loss on early extinguishment of debt	—	—	—	(49
Net income from discontinued operations	—	—	—	427
Gain on sale of discontinued operations	1,139	—	—	12,983
Net income attributable to SLGOP	108,972	173,863	(36,945	) 48,758
Perpetual preferred units distributions	(3,738	) (3,738	) (3,738	) (3,738
Net income (loss) attributable to SLGOP common unitholders	\$105,234	\$170,125	\$(40,683	) \$45,020
Net income (loss) attributable to common unitholders per common unit—basic	\$1.02	\$1.64	\$(0.39	) \$0.44
Net income (loss) attributable to common unitholders per common unit—diluted	\$1.01	\$1.64	\$(0.39	) \$0.44
2014 Quarter Ended	December 31	September 30	June 30	March 31
Total revenues	\$386,627	\$390,274	\$380,631	\$362,446
Income from continuing operations before equity in net gain on sale of interest in unconsolidated joint venture/real estate, (loss) gain on early extinguishment of debt, gain on sale of investment in marketable securities, net of noncontrolling interests	\$42,837	\$49,499	\$55,680	\$44,144
Equity in net gain on sale of interest in unconsolidated joint venture/ real estate	673	16,496	1,444	104,640
Purchase price fair value adjustment	—	(4,000	) 71,446	—
Gain (loss) on early extinguishment of debt	(6,865	) (24,475	) (1,028	) 3
Gain on sale of investment in marketable securities	3,895	—	—	—
Net income from discontinued operations	3,626	4,035	5,645	5,769
Gain on sale of discontinued operations	18,817	29,507	114,735	—
Net income attributable to SLGOP	62,983	71,062	247,922	154,556
Perpetual preferred distributions	(3,738	) (3,738	) (3,738	) (3,738
	\$59,245	\$67,324	\$244,184	\$150,818

Net income attributable to SLGOP common unitholders

Net income attributable to common unitholders per common unit—basic	\$0.59	\$0.68	\$2.47	\$1.54
Net income attributable to common unitholders per common unit—diluted	\$0.59	\$0.68	\$2.46	\$1.53

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 Schedule II - Valuation and Qualifying Accounts
 December 31, 2015
 (in thousands)

Column A Description	Column B Balance at Beginning of Year	Column C Additions Charged Against Operations	Column D Uncollectible Accounts Written-off/Recovery	Column E Balance at End of Year
Year Ended December 31, 2015				
Tenant and other receivables—allowance	\$18,068	\$8,139	\$ (8,589)	\$17,618
Deferred rent receivable—allowance	\$27,411	\$2,789	\$ (8,470)	\$21,730
Year Ended December 31, 2014				
Tenant and other receivables—allowance	\$17,325	\$13,533	\$ (12,790)	\$18,068
Deferred rent receivable—allowance	\$30,333	\$4,140	\$ (7,062)	\$27,411
Year Ended December 31, 2013				
Tenant receivables—allowance	\$14,341	\$13,425	\$ (10,441)	\$17,325
Deferred rent receivable—allowance	\$29,580	\$7,563	\$ (6,810)	\$30,333

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Schedule III - Real Estate and Accumulated Depreciation

December 31, 2015

(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I				
	Initial Cost	Cost	Capitalized Subsequent Acquisition	Cost	Gross Amount Carried at Close of Period	Amount at Which						
Description	Encumbrances	Building & Land Improvements	Building & Land Improvements	Building & Land Improvements	Total	Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which Depreciation is Computed			
420 Lexington Ave(1)	300,000	—	107,832	—	233,845	—	341,677	341,677	23,717	1927	3/1998	Various
711 Third Avenue(1)(7)	—	19,842	4,499	—	38,618	19,842	1,117	100,909	1,741	1955	5/1998	Various
555 W. 57th Street(1)	—	18,846	1,704	—	50,261	18,846	28,965	147,851	1,036	1971	1/1999	Various
317 Madison Ave(1)	—	21,285	5,559	(21,285)	5,559	—	—	—	—	1920	6/2001	Various
220 East 42nd Street(1)	275,000	5,320	3,727	635	64,648	51,002	68,375	319,300	1,072	1929	2/2003	Various
461 Fifth Avenue(1)	—	—	62,695	—	11,527	—	74,222	74,222	4,449	1988	10/2003	Various
750 Third Avenue(1)	—	51,090	5,972	—	37,283	51,092	43,255	294,348	4,460	1958	7/2004	Various
625 Madison Ave(1)	—	—	246,673	—	38,779	—	285,452	285,482	2,625	1956	10/2004	Various
485 Lexington Avenue(1)	450,000	77,532	6,825	765	88,570	78,282	15,395	493,674	1,556	1956	12/2004	Various
609 Fifth Avenue(1)	—	36,674	5,954	—	8,157	36,677	54,111	190,788	4,473	1925	6/2006	Various
120 West 45th Street(1)	—	60,765	0,922	(60,765)	0,922	—	—	—	—	1998	1/2007	Various
810 Seventh Avenue(1)	—	114,076	7,386	—	65,604	114,077	1,990	656,063	1,946	1970	1/2007	Various
919 Third Avenue(1)(2)	500,000	223,523	3,198	3,198	410,639	258,930	60,837	731,927	4,932	1970	1/2007	Various
1185 Avenue of the Americas(1)	—	—	728,213	—	36,857	—	765,070	765,070	1,984	1969	1/2007	Various
1350 Avenue of the Americas(1)	—	91,038	0,744	—	32,612	91,038	13,356	504,390	2,335	1966	1/2007	Various
1100 King Street— 1-7 International Drive(3)	—	49,390	4,376	2,473	17,612	51,861	21,988	173,853	1,007	1983/1986	1/2007	Various
520 White Plains Road(3)	—	6,322	6,096	—	6,720	6,324	32,816	39,140	1,617	1979	1/2007	Various
115-117 Stevens Avenue(3)	—	5,933	3,826	—	5,797	5,933	29,623	35,556	1,916	1984	1/2007	Various

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100 Summit Lake Drive(3)	—	10,526,109	—	7,402	10,526,511	61,037,567	1988	1/2007	Various
200 Summit Lake Drive(3)	—	11,183,906	—	8,223	11,183,129	67,312,714	1990	1/2007	Various
500 Summit Lake Drive(3)	—	9,773,048	—	5,456	9,774,504	54,281,557	1986	1/2007	Various
140 Grand Street(3)	—	6,863,264	(6,863,264)	—	—	—	1991	1/2007	Various
360 Hamilton Avenue(3)	—	29,497,250	—	12,515	29,497,30,765	160,261,927	2000	1/2007	Various
1-6 Landmark Square(4)	79,562	50,949,167	—	36,803	50,942,31,970	282,957,477	1973-1984	1/2007	Various
7 Landmark Square(4)	—	2,088,748	(3,784)	—	1,721,7,832	9,553,799	2007	1/2007	Various
680 Washington Boulevard(2)(4)	—	11,695,364	—	5,818	11,696,1,182	62,878,2,783	1989	1/2007	Various
750 Washington Boulevard(2)(4)	—	16,968,849	—	6,459	16,917,5,308	92,224,7,391	1989	1/2007	Various
1010 Washington Boulevard(4)	—	7,743,423	—	5,223	7,747,35,646	43,398,732	1988	1/2007	Various
500 West Putnam Avenue(4)	22,376	11,240,782	—	5,054	11,214,9,836	61,046,1,684	1973	1/2007	Various
150 Grand Street(3)	—	1,375,446	(1,375,446)	—	—	—	1962	1/2007	Various
400 Summit Lake Drive(3)	—	38,889	285	—	39,174	39,175	---	1/2007	N/A
331 Madison Avenue(1)	—	14,763,241	(14,763,241)	—	—	—	1923	4/2007	Various
1055 Washington Boulevard(4)	—	13,516,228	—	5,297	13,516,8,525	72,041,3,747	1987	6/2007	Various
1 Madison Avenue(1)	542,817	172,634,394	905	15,261	173,546,9,655	843,204,1,854	1960	8/2007	Various

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Schedule III - Real Estate and Accumulated Depreciation

December 31, 2015

(in thousands)

Column A Description	Column B Encumbrance	Column C Initial Cost	Column D Cost Capitalized Subsequent To Acquisition		Column E Gross Amount at Which Carried at Close of Period		Total	Accu Depr	
			Land	Building & Improvements	Land	Building & Improvements			Building & Improvements
125 Chubb Way(5)	—	5,884	25,958	—	24,482	5,884	50,440	56,324	7,200
100 Church Street(1)	225,099	32,494	79,996	2,500	87,286	34,994	167,282	202,276	33,560
125 Park Avenue(1)	—	120,900	189,714	—	55,365	120,900	245,079	365,979	43,880
885 Third Avenue(1)	267,650	131,766	—	110,771	—	242,537	—	242,537	—
Williamsburg(6)	—	3,677	14,708	2,523	(4,550)	6,200	10,158	16,358	1,343
1515 Broadway(1)	900,000	462,700	707,938	1,145	102,335	463,845	810,273	1,274,118	112,400
110 East 42nd Street(1)	—	34,000	46,411	2,354	19,165	36,354	65,576	101,930	12,390
51 East 42nd Street(1)	—	44,095	33,470	(44,095)	(33,470)	—	—	—	—
400 East 57th Street(1)(11)	67,644	39,780	69,895	—	14,136	39,780	84,031	123,811	7,534
400 East 58th Street(1)(11)	28,990	17,549	30,916	—	6,217	17,549	37,133	54,682	3,291
752 Madison Avenue(1)(8)	—	282,415	7,131	1,871	10	284,286	7,141	291,427	858
762 Madison Avenue(1)(11)	7,872	6,153	10,461	—	90	6,153	10,551	16,704	1,083
19-21 East 65th Street(1)(11)	—	—	7,389	—	159	—	7,548	7,548	753
304 Park Avenue(1)	—	54,189	75,619	300	8,122	54,489	83,741	138,230	10,340
635 Sixth Avenue(1)	—	24,180	37,158	163	49,534	24,343	86,692	111,035	1,462
641 Sixth Avenue(1)	—	45,668	67,316	308	1,888	45,976	69,204	115,180	7,308
1080 Amsterdam(1)(9)	3,525	—	27,445	—	20,405	—	47,850	47,850	1,766
131-137 Spring Street(1)(10)	—	27,021	105,342	(27,021)	(105,342)	—	—	—	—
248-252 Bedford Avenue(6)(11)	29,000	10,865	44,035	(10,865)	(43,672)	—	363	363	—
16 Court Street(6)	—	19,217	63,210	—	10,854	19,217	74,064	93,281	7,393

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315 West 33rd Street (1)	—	195,834	164,429	—	6,173	195,834	170,602	366,436	10,24
562 Fifth Avenue(1)	—	57,052	10,487	—	1,213	57,052	11,700	68,752	1,874
388-390 Greenwich Street(1)	1,450,000	516,292	964,434	—	140,275	516,292	1,104,709	1,621,001	48,19
719 Seventh Avenue(1)(12)	—	41,850	—	500	6,107	42,350	6,107	48,457	—
115 Spring Street(1)	—	11,078	44,799	—	247	11,078	45,046	56,124	1,788
635 Madison(1)	—	205,632	15,805	—	—	205,632	15,805	221,437	515
102 Greene Street(1)	—	8,215	26,717	—	277	8,215	26,994	35,209	847
1640 Flatbush Avenue (6)	—	6,120	680	—	—	6,120	680	6,800	13
One Vanderbilt (1)(13)	—	80,069	116,557	—	31,095	80,069	147,652	227,721	—
Upper East Side Residential (1)(11)	—	17,500	32,500	26	48	17,526	32,548	50,074	450
110 Greene Street (1)(11)	—	89,250	165,750	—	324	89,250	166,074	255,324	1,827
11 Madison Ave (1)	1,400,000	849,926	1,579,118	—	66,007	849,926	1,645,125	2,495,051	11,02
187 Broadway (1)	8,400	4,707	8,741	—	—	4,707	8,741	13,448	799
5-7 Dey Street (1)	31,600	17,394	32,304	—	—	17,394	32,304	49,698	2,953
30 East 40th Street (1)	—	4,650	20,000	—	—	4,650	20,000	24,650	82
600 Lexington Avenue (1)(14)	112,795	97,044	180,224	—	—	97,044	180,224	277,268	288
Other (15)	—	2,130	10,894	—	—	2,130	10,894	13,024	3,534
Total	\$6,702,330	\$4,803,542	\$10,994,972	\$(24,384)	\$907,472	\$4,779,158	\$11,902,444	\$16,681,602	\$2,00

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Schedule III - Real Estate and Accumulated Depreciation

December 31, 2015

(in thousands)

-
- (1) Property located in New York, New York.
 - (2) We own a 51.0% interest in this property.
 - (3) Property located in Westchester County, New York.
 - (4) Property located in Connecticut.
 - (5) Property located in New Jersey.
 - (6) Property located in Brooklyn, New York.
 - (7) We own a 50.0% interest in this property.
 - (8) We own an 80.0% interest in this property.
 - (9) We own a 92.5% interest in this property.
 - (10) We own a 20.0% interest in this property.
 - (11) We own a 90.0% interest in this property.
 - (12) We own a 75.0% interest in this property.
 - (13) Properties at 317 Madison Avenue, 331 Madison Avenue and 51 East 42nd Street were demolished in preparation of the development site for the One Vanderbilt project.
In May 2010 we acquired a 55.0% interest in this property for \$193.0 million. In December 2015 we acquired the
 - (14) additional 45.0% interest in this property, thereby consolidating full ownership of the property. The December 2015 transaction valued the consolidated interests at \$277.3 million.
 - (15) Other includes tenant improvements of eEmerge, capitalized interest and corporate improvements.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.

Schedule III - Real Estate and Accumulated Depreciation

December 31, 2015

(in thousands)

The changes in real estate for the years ended December 31, 2015, 2014 and 2013 are as follows (in thousands):

	2015	2014	2013
Balance at beginning of year	\$14,069,141	\$12,333,780	\$11,662,953
Property acquisitions	3,064,137	2,428,259	702,717
Improvements	396,555	379,295	199,141
Retirements/disposals/deconsolidation	(848,231)	(1,072,193)	(231,031)
Balance at end of year	\$16,681,602	\$14,069,141	\$12,333,780

The aggregate cost of land, buildings and improvements, before depreciation, for Federal income tax purposes at December 31, 2015 was \$12.4 billion (unaudited).

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, and furniture and fixtures, for the years ended December 31, 2015, 2014 and 2013 are as follows (in thousands):

	2015	2014	2013
Balance at beginning of year	\$1,905,165	\$1,646,240	\$1,393,323
Depreciation for year	480,523	307,823	286,776
Retirements/disposals/deconsolidation	(324,982)	(48,898)	(33,859)
Balance at end of year	\$2,060,706	\$1,905,165	\$1,646,240

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES
SL GREEN REALTY CORP.

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) of the Exchange Act. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports. Also, the Company has investments in certain unconsolidated entities. As the Company does not control these entities, its disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those the Company maintains with respect to its consolidated subsidiaries.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation as of the end of the period covered by this report, the Company's Chief Executive Officer and Chief Financial Officer concluded that its disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to the Company that would potentially be subject to disclosure under the Exchange Act and the rules and regulations promulgated thereunder.

Management's Report on Internal Control over Financial Reporting

The Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2015 based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (COSO). Based on that evaluation, the Company concluded that its internal control over financial reporting was effective as of December 31, 2015.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2015 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the Company's internal control over financial reporting during the year ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

SL GREEN OPERATING PARTNERSHIP, L.P.

Evaluation of Disclosure Controls and Procedures

The Operating Partnership maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Operating Partnership's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and

communicated to the Operating

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Partnership's management, including the Chief Executive Officer and Chief Financial Officer of the Operating Partnership's general partner, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) of the Exchange Act. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Operating Partnership to disclose material information otherwise required to be set forth in the Operating Partnership's periodic reports. Also, the Operating Partnership has investments in certain unconsolidated entities. As the Operating Partnership does not control these entities, the Operating Partnership's disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those it maintains with respect to its consolidated subsidiaries.

As of the end of the period covered by this report, the Operating Partnership carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer of the Operating Partnership's general partner, of the effectiveness of the design and operation of the Operating Partnership's disclosure controls and procedures. Based upon that evaluation as of the end of the period covered by this report, the Chief Executive Officer and Chief Financial Officer of the Operating Partnership's general partner concluded that the Operating Partnership's disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to the Operating Partnership that would potentially be subject to disclosure under the Exchange Act and the rules and regulations promulgated thereunder.

Management's Report on Internal Control over Financial Reporting

The Operating Partnership is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15 (f) and 15d-15 (f). Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer of the Operating Partnership's general partner, the Operating Partnership conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2015 based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (COSO). Based on that evaluation, the Operating Partnership concluded that its internal control over financial reporting was effective as of December 31, 2015.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

The effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2015 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the Operating Partnership's internal control over financial reporting during the year ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of SL Green Realty Corp.

We have audited SL Green Realty Corp.'s (the "Company") internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2015 of the Company and our report dated February 26, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York
February 26, 2016

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Report of Independent Registered Public Accounting Firm

The Partners of SL Green Operating Partnership, L.P.

We have audited SL Green Operating Partnership L.P.'s (the "Operating Partnership") internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). The Operating Partnership's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Operating Partnership's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Operating Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Operating Partnership as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, capital and cash flows for each of the three years in the period ended December 31, 2015 of the Operating Partnership and our report dated February 26, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
New York, New York
February 26, 2016

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ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 will be set forth in our Definitive Proxy Statement for our 2016 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A under the Securities and Exchange Act of 1934, as amended, on or prior to April 30, 2016, or the 2016 Proxy Statement, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 will be set forth in the 2016 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 will be set forth in the 2016 proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 will be set forth under in the 2016 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information regarding principal accounting fees and services and the audit committee's pre-approval policies and procedures required by this Item 14 will be set forth in the 2016 Proxy Statement and is incorporated herein by reference.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES

(a)(1) Consolidated Financial Statements

SL GREEN REALTY CORP.

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SL GREEN OPERATING PARTNERSHIP, L.P.

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(a)(2) Financial Statement Schedules

Schedule II—Valuation and Qualifying Accounts for the years ended December 31, 2015, 2014 and 2013	<u>144</u>
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Schedules other than those listed are omitted as they are not applicable or the required or equivalent information has been included in the financial statements or notes thereto.

(a)(3) In reviewing the agreements included as exhibits to this Annual Report on Form 10-K, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

• should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

• have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;

• may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

• were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about us may be found elsewhere in this Annual Report on Form 10-K and our other public filings, which are available without charge through the SEC's website at <http://www.sec.gov>.

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INDEX TO EXHIBITS

- 3.1 Articles of Restatement, incorporated by reference to the Company's Form 10-Q, dated July 11, 2014, filed with the SEC on August 11, 2014.
- 3.2 Certificate of Correction to Articles of Amendment and Restatement, incorporated by reference to Amendment No. 1 to the Company's Quarterly Report on Form 10-Q/A for the quarter ended March 31, 2009, filed with the SEC on May 11, 2009.
- 3.3 Second Amended and Restated Bylaws of the Company, incorporated by reference to the Company's Form 8-K, dated December 12, 2007, filed with the SEC on December 14, 2007.
- 3.4 Articles Supplementary Electing that SL Green Realty Corp. be Subject to Maryland General Corporations Law Section 3-804(c), incorporated by reference to the Company's Form 8-K, dated September 16, 2009, filed with the SEC on September 16, 2009.
- 3.5 Articles Supplementary reclassifying 4,600,000 shares of 8.0% Series A Convertible Cumulative Preferred Stock, 1,300,000 shares of Series B Junior Participating Preferred Stock and 4,000,000 shares of 7.875% Series D Cumulative Redeemable Preferred Stock into authorized preferred stock without further designation, incorporated by reference to the Company's Form 8-K, dated August 7, 2012, filed with the SEC on August 9, 2012.
- 3.6 Articles Supplementary classifying and designating 9,200,000 shares of the Company's 6.50% Series I Cumulative Redeemable Preferred Stock, liquidation preference \$25.00 per share, par value \$0.01 per share, incorporated by reference to the Company's Form 8-K, dated August 7, 2012, filed with the SEC on August 9, 2012.
- 3.7 First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the SEC on October 23, 2002.
- 3.8 First Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated May 14, 1998, incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the SEC on October 23, 2002.
- 3.9 Second Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed with the SEC on July 31, 2002.
- 3.10 Third Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated December 12, 2003, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2003, filed with the SEC on March 15, 2004.
- 3.11 Amended and Restated Fourth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of July 15, 2004, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2004, filed with the SEC on March 15, 2005.
- 3.12 Fifth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of March 15, 2006, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the SEC on March 16, 2006.
- 3.13 Sixth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of June 30, 2006, incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, filed with the SEC on August 10, 2006.
- 3.14 Seventh Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of January 25, 2007, incorporated by reference to the Company's Form 8-K, dated January 24, 2007, filed with the SEC on January 30, 2007.
- 3.15 Eighth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of January 20, 2010, incorporated by reference to the Company's Form 8-K, dated January 20, 2010, filed with the SEC on January 20, 2010.

- 3.16 Ninth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of November 30, 2011, incorporated by reference to the Company's Form 8-K, dated December 5, 2011, filed with the SEC on December 5, 2011.
- 3.17 Tenth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of January 31, 2012, incorporated by reference to the Company's Form 8-K, dated January 31, 2012, filed with the SEC on February 2, 2012.
- 3.18 Eleventh Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated March 6, 2012, incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, filed with the SEC on May 10, 2012.
- 3.19 Twelfth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of August 10, 2012, incorporated by reference to the Company's Form 8-K, dated August 10, 2012, filed with the SEC on August 10, 2012.

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- 3.20 Third Amended and Restated Bylaws of the Company, incorporated by reference in the Company's Form 10-Q dated June 11, 2014, filed with the SEC on August 11, 2014.
- 3.21 Thirteenth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of April 2, 2014, incorporated by reference to the Company's Form 8-K, dated April 4, 2014, filed with the SEC on April 4, 2014.
- 3.22 Fourteenth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of July 1, 2014, incorporated by reference to the Company's Form 8-K, dated July 2, 2014, filed with the SEC on July 2, 2014.
- 3.23 Fifteenth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of July 1, 2014, incorporated by reference to the Company's Form 8-K, dated July 2, 2014, filed with the SEC on July 2, 2014.
- 3.24 Sixteenth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as February 12, 2015, incorporated by reference to the Company's Form 8-K, dated February 12, 2015, filed with the SEC on February 13, 2015.
- 3.25 Seventeenth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of June 19, 2015, incorporated by reference to the Company's Form 8-K, dated June 22, 2015, filed with the SEC on June 22, 2015.
- 3.26 Nineteenth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of July 22, 2015, incorporated by reference to the Company's Form 8-K, dated July 24, 2015, filed with the SEC on July 24, 2015.
- 3.27 Twentieth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of July 22, 2015, incorporated by reference to the Company's Form 8-K, dated July 24, 2015, filed with the SEC on July 24, 2015.
- 3.28 Twenty-First Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of August 20, 2015, incorporated by reference to the Company's Form 8-K, dated as of August 21, 2015, filed with the SEC on August 21, 2015.
- 3.29 Twenty-Second Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of August 20, 2015, incorporated by reference to the Company's Form 8-K, dated as of August 21, 2015, filed with the SEC on August 21, 2015.
- 4.1 Specimen Common Stock Certificate, incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the SEC on August 14, 1997.
- 4.2 Form of stock certificate evidencing the 6.50% Series I Cumulative Redeemable Preferred Stock of the Company, liquidation preference \$25.00 per share, par value \$0.01 per share, incorporated by reference to the Company's Form 8-K, dated August 7, 2012, filed with the SEC on August 9, 2012.
- 4.3 Indenture, dated as of March 26, 2007, by and among the Company, the Operating Partnership and The Bank of New York, as trustee, incorporated by reference to the Company's Form 8-K, dated March 21, 2007, filed with the SEC on March 27, 2007.
- 4.4 Indenture, dated as of March 26, 1999, among ROP, as Issuer, Reckson, as Guarantor, and The Bank of New York, as Trustee, incorporated by reference to ROP's Form 8-K, dated March 23, 1999, filed with the SEC on March 26, 1999.
- 4.5 First Supplemental Indenture, dated as of January 25, 2007, by and among ROP, Reckson, The Bank of New York and the Company, incorporated by reference to the Company's Form 8-K, dated January 24, 2007, filed with the SEC on January 30, 2007.
- 4.6 Indenture, dated as of March 16, 2010, among ROP, as Issuer, the Company and the Operating Partnership, as Co-Obligors, and The Bank of New York Mellon, as Trustee, incorporated by reference to the Company's Form 8-K, dated March 16, 2010, filed with the SEC on March 17, 2010.
- 4.7

- Form of 7.75% Senior Note due 2020 of ROP, the Company and the Operating Partnership, incorporated by reference to the Company's Form 8-K, dated March 16, 2010, filed with the SEC on March 17, 2010.
- 4.8 Indenture, dated as of October 12, 2010, by and among the Operating Partnership, as Issuer, ROP, as Guarantor, the Company and The Bank of New York Mellon, as Trustee, incorporated by reference to the Company's Form 8-K, dated October 12, 2010, filed with the SEC on October 14, 2010.
- 4.9 Indenture, dated as of August 5, 2011, among the Company, the Operating Partnership and ROP, as Co-Obligors, and The Bank of New York Mellon, as Trustee, incorporated by reference to the Company's Form 8-K, dated August 5, 2011, filed with the SEC on August 5, 2011.
- 4.10 First Supplemental Indenture, dated as of August 5, 2011, among the Company, the Operating Partnership and ROP, as Co-Obligors, and The Bank of New York Mellon, as Trustee, incorporated by reference to the Company's Form 8-K, dated August 5, 2011, filed with the SEC on August 5, 2011.
- 4.11 Form of 5.00% Senior Note due 2018 of the Company, the Operating Partnership and ROP, incorporated by reference to the Company's Form 8-K, dated August 5, 2011, filed with the SEC on August 5, 2011.

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- 4.12 Second Supplemental Indenture, dated as of November 15, 2012, among the Company, the Operating Partnership and ROP, as Co-Obligors, and The Bank of New York Mellon, as Trustee, incorporated by reference to the Company's Form 8-K, dated November 9, 2012, filed with the SEC on November 15, 2012.
- 4.13 Form of 4.50% Senior Note due 2018 of the Company, the Operating Partnership and ROP, incorporated by reference to the Company's Form 8-K, dated November 9, 2012, filed with the SEC on November 15, 2012.
- 4.14 Junior Subordinated Indenture, dated as of June 30, 2005, between the Operating Partnership and JPMorgan Chase Bank, National Association, as Trustee, incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, filed with the SEC on August 9, 2005.
- 10.1 Amended and Restated Credit Agreement, dated as of November 16, 2012, by and among the Company, the Operating Partnership and ROP, as Borrowers, each of the Lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, with Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Deutsche Bank Securities Inc., as the Lead Arrangers, Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Deutsche Bank Securities, Inc., as the Joint Bookrunners, JPMorgan Chase Bank, N.A., as Syndication Agent, and Deutsche Bank Securities Inc., Bank of America, N.A. and Citigroup Global Markets Inc. as the Documentation Agents and the other agents party thereto, incorporated by reference to the Company's Form 8-K, dated November 16, 2012, filed with the SEC on November 21, 2012.
- 10.2 Amended and Restated Agreement of Limited Partnership of ROP, incorporated by reference to ROP's Registration Statement on Form S-11, filed with the SEC on February 12, 1996.
- 10.3 Supplement to the Amended and Restated Agreement of Limited Partnership of ROP relating to the succession as a general partner of Wyoming Acquisition GP LLC, incorporated by reference to ROP's Annual Report on Form 10-K for the year ended December 31, 2007, filed with the SEC on March 31, 2008.
- 10.4 Registration Rights Agreement, dated as of March 26, 2007, by and among the Company, the Operating Partnership and the Initial Purchaser, incorporated by reference to the Company's Form 8-K, dated March 21, 2007, filed with the SEC on March 27, 2007.
- 10.5 Registration Rights Agreement, dated as of October 12, 2010, by and among the Operating Partnership, ROP, the Company and Citigroup Global Markets Inc., incorporated by reference to the Company's Form 8-K, dated October 12, 2010, filed with the SEC on October 14, 2010.
- 10.6 Form of Articles of Incorporation and Bylaws of SL Green Management Corp., incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the SEC on August 14, 1997.
- 10.7 Form of Registration Rights Agreement between the Company and the persons named therein, incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the SEC on August 14, 1997.
- 10.8 Amended and Restated Trust Agreement among the Operating Partnership, as depositor, JPMorgan Chase Bank, National Association, as property trustee, Chase Bank USA, National Association, as Delaware trustee, and the administrative trustees named therein, dated June 30, 2005, incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, filed with the SEC on August 9, 2005.
- 10.9 Amended 1997 Stock Option and Incentive Plan, incorporated by reference to the Company's Registration Statement on Form S-8 (No. 333-89964), filed with the SEC on June 6, 2002.*
- 10.10 SL Green Realty Corp. Third Amended and Restated 2005 Stock Option and Incentive Plan, incorporated by reference to the Company's Registration Statement on Form S-8 (No. 333-189362), filed with the SEC on June 14, 2013.*
- 10.11 Form of Award Agreement for granting awards under the SL Green Realty Corp. 2010 Notional Unit Long-Term Compensation Plan, incorporated by reference to the Company's Form 8-K, dated April 2, 2010, filed with the SEC on April 2, 2010.*
- 10.12 Form of Award Agreement for granting awards under the SL Green Realty Corp. 2011 Long-Term Outperformance Plan Award Agreement, incorporated by reference to the Company's Quarterly Report on

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- Form 10-Q for the quarter ended March 31, 2012, filed with the SEC on May 10, 2012.*
- 10.13 Non-Employee Directors' Deferral Program, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the SEC on February 28, 2011. *
- 10.14 First Amendment to Non-Employee Directors' Deferral Program, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the SEC on February 28, 2011.*
- 10.15 Amended and Restated Employment and Non-competition Agreement, dated December 24, 2010, between Stephen L. Green and the Company, incorporated by reference to the Company's Form 8-K, dated December 23, 2010, filed with the SEC on December 29, 2010.*
- 10.16 Deferred Compensation Agreement, dated December 18, 2009, between the Company and Stephen L. Green, incorporated by reference to the Company's Form 8-K, dated December 18, 2009, filed with the SEC on December 24, 2009.*

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- 10.17 Deferred Compensation Agreement, dated December 24, 2010, between the Company and Stephen L. Green, incorporated by reference to the Company's Form 8-K, dated December 23, 2010, filed with the SEC on December 29, 2010.*
- 10.18 Amended and Restated Employment and Noncompetition Agreement, dated as of September 12, 2013, by and between the Company and Marc Holliday, incorporated by reference to the Company's Form 8-K, dated September 12, 2013, filed with the SEC on September 12, 2013.*
- 10.19 Amended and Restated Employment and Noncompetition Agreement, dated as of February 10, 2016, by and between SL Green Realty Corp. and Marc Holliday, incorporated by reference to the Company's Form 8-K, dated February 10, 2016, filed with the SEC on February 12, 2016. *
- 10.20 Deferred Compensation Agreement (2013), dated as of September 12, 2013, by and between the Company and Marc Holliday, incorporated by reference to the Company's Form 8-K, dated September 12, 2013, filed with the SEC on September 12, 2013.*
- 10.21 Deferred Compensation Agreement, dated as of February 10, 2016, by and between SL Green Realty Corp. and Marc Holliday, incorporated by reference to the Company's Form 8-K, dated February 10, 2016, filed with the SEC on February 12, 2016. *
- 10.22 Amended and Restated Employment and Noncompetition Agreement, dated as of November 8, 2013, between the Company and Andrew Mathias, incorporated by reference to the Company's Form 8-K, dated November 8, 2013, filed with the SEC on November 8, 2013.*
- 10.23 Deferred Compensation Agreement (2014), dated as of November 8, 2013, between the Company and Andrew Mathias, incorporated by reference to the Company's Form 8-K, dated November 8, 2013, filed with the SEC on November 8, 2013.*
- 10.24 Employment and Noncompetition Agreement, dated as of October 28, 2013, by and between the Company and James Mead, incorporated by reference to the Company's Form 8-K, dated October 28, 2013, filed with the SEC on October 28, 2013.*
- 10.25 Amended and Restated Employment and Noncompetition Agreement, dated June 27, 2013, between the Company and Andrew S. Levine, incorporated by reference to the Company's Form 8-K, dated June 27, 2013, filed with the SEC on July 3, 2013.*
- 10.26 Amended and Restated Employment and Noncompetition Agreement, dated as of February 10, 2016, by and between SL Green Realty Corp. and Andrew S. Levine, incorporated by reference to the Company's Form 8-K, dated February 10, 2016, filed with the SEC on February 12, 2016. *
- 10.27 At-the-Market Equity Offering Sales Agreement, dated July 27, 2011, among the Company, the Operating Partnership and Citigroup Global Markets Inc., incorporated by reference to the Company's Form 8-K, dated July 27, 2011, filed with the SEC on July 27, 2011.
- 10.28 At-the-Market Equity Offering Sales Agreement, dated July 27, 2011, among the Company, the Operating Partnership and J.P. Morgan Securities LLC, incorporated by reference to the Company's Form 8-K, dated July 27, 2011, filed with the SEC on July 27, 2011.
- 10.29 First Amendment to Amended and Restated Agreement Credit Agreement, dated March 21, 2014, incorporated by reference to the Company's Current Report on Form 8-K, dated March 24, 2014, filed with the SEC on March 24, 2014.
- 10.30 Thirteenth Amendment, dated April 2, 2014, to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, L.P., incorporated by reference to the Company's Form 8-K, dated April 4, 2014, filed with the SEC on April 4, 2014.
- 10.31 Fourteenth Amendment to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, L.P., filed with the SEC on July 2, 2014.
- 10.32 Fifteenth Amendment to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, L.P., filed with the SEC on July 2, 2014.
- 10.33 Sixteenth Amendment to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, L.P., filed with the SEC on February 13, 2015.

- 10.34 Employment Agreement, dated as of October 30, 2014, by and between SL Green Realty Corp. and Matthew DiLiberto.
- 10.35 Agreement Regarding Additional Term Loan, dated as of November 10, 2014, by and among SL Green Realty Corp., SL Green Operating Partnership, L.P. and Reckson Operating Partnership, L.P., as Borrowers, The Bank of New York Mellon (as Increasing Lender) and Wells Fargo Bank, National Association, as Administrative Agent.
- 10.36 Second Amendment to Amended and Restated Credit Agreement, dated as of January 6, 2015, by and among SL Green Realty Corp., SL Green Operating Partnership, L.P. and Reckson Operating Partnership, L.P., as Borrowers, each of the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent.
- 10.37 Seventeenth Amendment to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, L.P., filed with the SEC on June 22, 2015.

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- 10.38 Nineteenth Amendment to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, L.P., filed with the SEC on July 24, 2015.
- 10.39 Twentieth Amendment to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, L.P., filed with the SEC on July 24, 2015.
- 10.40 Twenty-First Amendment to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, L.P., filed with the SEC on August 21, 2015.
- 10.41 Twenty-Second Amendment to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, L.P., filed with the SEC on August 21, 2015.
- 10.42 Third Amendment to Amended and Restated Credit Agreement, dated as of July 31, 2015, by and among SL Green Realty Corp., SL Green Operating Partnership, L.P. and Reckson Operating Partnership, L.P., as Borrowers, each of the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent.
- 12.1 Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends, filed herewith.
- 21.1 Subsidiaries of SL Green Realty Corp., filed herewith.
- 21.2 Subsidiaries of SL Green Operating Partnership L.P., filed herewith
- 23.1 Consent of Ernst & Young LLP for SL Green Realty Corp., filed herewith.
- 23.2 Consent of Ernst & Young LLP for SL Green Operating Partnership, L.P., filed herewith.
- 24.1 Power of Attorney (included on signature pages of this Form 10-K).
- 31.1 Certification by the Chief Executive Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 31.2 Certification by the Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 31.3 Certification by the Chief Executive Officer of the Company, the sole general partner of the Operating Partnership pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 31.4 Certification by the Chief Financial Officer of the Company, the sole general partner of the Operating Partnership pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 32.1 Certification by the Chief Executive Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 32.2 Certification by the Chief Financial Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 32.30 Certification by the Chief Executive Officer of the Company, the sole general partner of the Operating Partnership pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 32.40 Certification by the Chief Financial Officer of the Company, the sole general partner of the Operating Partnership pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 101.1 The following financial statements from the SL Green Realty Corp. and SL Green Operating Partnership, L.P.'s Annual Report on Form 10-K for the year ended December 31, 2014, formatted in XBRL: (i) Consolidated Balance Sheets as of December 31, 2014 and 2013, (ii) Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012, (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2014, 2013 and 2012, (iv) Consolidated Statement of Equity for the years ended December 31, 2014, 2013 and 2012 of the Company, (v) Consolidated Statement of Capital for the years ended December 31, 2014, 2013 and 2012 of the Operating Partnership (vi) Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012, and (vii) Notes to Consolidated Financial Statements, detail tagged, filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SL GREEN REALTY CORP.

By: /s/ Matthew J. DiLiberto
Matthew J. DiLiberto
Chief Financial Officer

Dated: February 26, 2016

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of SL Green Realty Corp. hereby severally constitute Marc Holliday and Matthew J. DiLiberto, and each of them singly, our true and lawful attorneys and with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Annual Report on Form 10-K filed herewith and any and all amendments to said Annual Report on Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable SL Green Realty Corp. to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Annual Report on Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signatures	Title	Date
/s/ Stephen L. Green Stephen L. Green	Chairman of the Board of Directors	February 26, 2016
/s/ Marc Holliday Marc Holliday	Chief Executive Officer and Director (Principal Executive Officer)	February 26, 2016
/s/ Andrew W. Mathias Andrew W. Mathias	President and Director	February 26, 2016
/s/ Matthew J. DiLiberto Matthew J. DiLiberto	Chief Financial Officer (Principal Financial and Accounting Officer)	February 26, 2016
/s/ John H. Alschuler Jr. John H. Alschuler, Jr.	Director	February 26, 2016
/s/ Edwin T. Burton, III Edwin T. Burton, III	Director	February 26, 2016
/s/ John S. Levy John S. Levy	Director	February 26, 2016
/s/ Craig M. Hatkoff Craig M. Hatkoff	Director	February 26, 2016
/s/ Betsy S. Atkins Betsy S. Atkins	Director	February 26, 2016

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SL GREEN OPERATING PARTNERSHIP, L.P.

By: SL Green Realty Corp.

/s/ Matthew J. DiLiberto

Matthew J. DiLiberto

Chief Financial Officer

Dated: February 26, 2016

By:

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of SL Green Realty Corp., the sole general partner of SL Green Operating Partnership, L.P., hereby severally constitute Marc Holliday and Matthew J. DiLiberto, and each of them singly, our true and lawful attorneys and with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Annual Report on Form 10-K filed herewith and any and all amendments to said Annual Report on Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable SL Green Operating Partnership, L.P. to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Annual Report on Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signatures	Title	Date
/s/ Stephen L. Green Stephen L. Green	Chairman of the Board of Directors of SL Green, the sole general partner of the Operating Partnership	February 26, 2016
/s/ Marc Holliday Marc Holliday	Chief Executive Officer and Director of SL Green, the sole general partner of the Operating Partnership (Principal Executive Officer)	February 26, 2016
/s/ Andrew W. Mathias Andrew W. Mathias	President and Director of SL Green, the sole general partner of the Operating Partnership	February 26, 2016
/s/ Matthew J. DiLiberto Matthew J. DiLiberto	Chief Financial Officer of SL Green, the sole general partner of the Operating Partnership (Principal Financial and Accounting Officer)	February 26, 2016
/s/ John H. Alschuler, Jr. John H. Alschuler, Jr.	Director of SL Green, the sole general partner of the Operating Partnership	February 26, 2016
/s/ Edwin T. Burton, III Edwin T. Burton, III	Director of SL Green, the sole general partner of the Operating Partnership	February 26, 2016
/s/ John S. Levy	Director of SL Green, the sole general	February 26, 2016

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John S. Levy	partner of the Operating Partnership	
/s/ Craig M. Hatkoff Craig M. Hatkoff	Director of SL Green, the sole general partner of the Operating Partnership	February 26, 2016
/s/ Betsy S. Atkins Betsy S. Atkins	Director of SL Green, the sole general partner of the Operating Partnership	February 26, 2016

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