
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **June 30, 2014**

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.
SL Green Operating Partnership, L.P.**

**Maryland
Delaware**
(State or other jurisdiction of
incorporation or organization)

**13-3956775
13-3960938**
(I.R.S. Employer
Identification No.)

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

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

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

SL Green Realty Corp.

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller Reporting Company <input type="checkbox"/>
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SL Green Operating Partnership, L.P.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller Reporting Company <input type="checkbox"/>
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

SL Green Realty Corp. YES NO SL Green Operating Partnership, L.P. YES NO

The number of shares outstanding of SL Green Realty Corp.'s common stock, \$0.01 par value, was 95,599,482 as of July 31, 2014. As of July 31, 2014, 876,199 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.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended June 30, 2014 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 96.47% 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 June 30, 2014, noncontrolling investors held, in aggregate, a 3.53% 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 quarterly reports on Form 10-Q 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 Interest on the Company's Consolidated Financial Statements;
 - Note 12, Stockholders' Equity of the Company;
 - Note 13, Partners' Capital of the Operating Partnership;
 - Note 15, Accumulated Other Comprehensive Loss of the Company; and
 - Note 16, Accumulated Other Comprehensive Loss of the Operating Partnership.

This report also includes separate Part I, Item 4. 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.

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PART I. FINANCIAL INFORMATION**ITEM 1. Financial Statements**

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

	June 30, 2014	December 31, 2013
	(unaudited)	
Assets		
Commercial real estate properties, at cost:		
Land and land interests	\$ 3,466,587	\$ 3,032,526
Building and improvements	8,843,315	7,884,663
Building leasehold and improvements	1,390,004	1,366,281
Properties under capital lease	27,445	50,310
	<u>13,727,351</u>	<u>12,333,780</u>
Less: accumulated depreciation	(1,769,428)	(1,646,240)
	<u>11,957,923</u>	<u>10,687,540</u>
Assets held for sale	339,809	—
Cash and cash equivalents	308,103	206,692
Restricted cash	157,225	142,051
Investment in marketable securities	39,912	32,049
Tenant and other receivables, net of allowance of \$20,026 and \$17,325 in 2014 and 2013, respectively	51,844	60,393
Related party receivables	8,915	8,530
Deferred rents receivable, net of allowance of \$27,616 and \$30,333 in 2014 and 2013, respectively	354,388	386,508
Debt and preferred equity investments, net of discounts and deferred origination fees of \$14,633 and \$18,593 in 2014 and 2013, respectively, and allowance of \$1,000 in 2013	1,547,808	1,304,839
Investments in unconsolidated joint ventures	971,926	1,113,218
Deferred costs, net	300,043	267,058
Other assets	679,840	750,123
Total assets	<u>\$ 16,717,736</u>	<u>\$ 14,959,001</u>
Liabilities		
Mortgages and other loans payable	\$ 5,939,176	\$ 4,860,578
Revolving credit facility	—	220,000
Term loan and senior unsecured notes	2,127,206	1,739,330
Accrued interest payable and other liabilities	128,730	114,622
Accounts payable and accrued expenses	164,215	145,889
Deferred revenue	223,394	263,261
Capitalized lease obligations	20,635	47,671
Deferred land leases payable	1,044	22,185
Dividend and distributions payable	53,193	52,255
Security deposits	65,166	61,308
Liabilities related to assets held for sale	193,375	—
Junior subordinated deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
Total liabilities	<u>9,016,134</u>	<u>7,627,099</u>
Commitments and contingencies	—	—
Noncontrolling interests in the Operating Partnership	379,805	265,476
Preferred Units	49,550	49,550

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

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	(unaudited)	
<u>Equity</u>		
SL Green stockholders' equity:		
Series I Preferred Stock, \$0.01 par value, \$25.00 liquidation preference, 9,200 issued and outstanding at both June 30, 2014 and December 31, 2013	221,932	221,932
Common stock, \$0.01 par value, 160,000 shares authorized and 99,188 and 98,563 issued and outstanding at June 30, 2014 and December 31, 2013, respectively (including 3,601 and 3,570 shares held in Treasury at June 30, 2014 and December 31, 2013, respectively)	993	986
Additional paid-in-capital	5,085,965	5,015,904
Treasury stock at cost	(320,152)	(317,356)
Accumulated other comprehensive loss	(6,196)	(15,211)
Retained earnings	1,797,580	1,619,150
Total SL Green stockholders' equity	<u>6,780,122</u>	<u>6,525,405</u>
Noncontrolling interests in other partnerships	492,125	491,471
Total equity	<u>7,272,247</u>	<u>7,016,876</u>
Total liabilities and equity	<u>\$ 16,717,736</u>	<u>\$ 14,959,001</u>

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenues				
Rental revenue, net	\$ 285,234	\$ 262,743	\$ 551,755	\$ 518,560
Escalation and reimbursement	39,529	38,747	79,912	78,551
Investment income	39,714	46,731	93,798	99,439
Other income	22,750	5,723	37,331	11,015
Total revenues	387,227	353,944	762,796	707,565
Expenses				
Operating expenses, including \$4,450 and \$7,861 (2014) and \$3,953 and \$7,842 (2013) of related party expenses	70,675	68,611	144,160	139,780
Real estate taxes	53,267	51,749	108,583	104,203
Ground rent	8,040	7,930	16,073	16,058
Interest expense, net of interest income	78,611	79,551	156,330	157,860
Amortization of deferred financing costs	5,500	4,229	9,357	8,681
Depreciation and amortization	94,838	81,577	184,217	160,200
Transaction related costs, net of recoveries	1,697	1,706	4,171	3,085
Marketing, general and administrative	23,872	21,514	47,128	42,582
Total expenses	336,500	316,867	670,019	632,449
Income from continuing operations before equity in net income (loss) from unconsolidated joint ventures, equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate, purchase price fair value adjustment, loss on sale of investment in marketable securities and loss on early extinguishment of debt	50,727	37,077	92,777	75,116
Equity in net income (loss) from unconsolidated joint ventures	8,619	(3,761)	14,748	1,313
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate	1,444	(3,583)	106,084	(3,583)
Purchase price fair value adjustment	71,446	(2,305)	71,446	(2,305)
Loss on sale of investment in marketable securities	—	(8)	—	(65)
Loss on early extinguishment of debt	(1,028)	(10)	(1,025)	(18,523)
Income from continuing operations	131,208	27,410	284,030	51,953
Net income from discontinued operations	4,389	3,838	8,178	8,519
Gain on sale of discontinued operations	114,735	—	114,735	1,113
Net income	250,332	31,248	406,943	61,585
Net income attributable to noncontrolling interests:				
Noncontrolling interests in the Operating Partnership	(8,645)	(244)	(13,374)	(799)
Noncontrolling interests in other partnerships	(1,843)	(3,004)	(3,333)	(5,905)
Preferred units distribution	(565)	(565)	(1,130)	(1,130)
Net income attributable to SL Green	239,279	27,435	389,106	53,751
Preferred stock redemption costs	—	(12,160)	—	(12,160)
Perpetual preferred stock dividends	(3,738)	(6,999)	(7,475)	(14,406)
Net income attributable to SL Green common stockholders	\$ 235,541	\$ 8,276	\$ 381,631	\$ 27,185
Amounts attributable to SL Green common stockholders:				
Income from continuing operations	\$ 50,346	\$ 10,268	\$ 91,361	\$ 23,549
Purchase price fair value adjustment	68,909	(2,240)	69,027	(2,239)
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate	1,393	(3,482)	102,492	(3,481)
Net income from discontinued operations	4,233	3,730	7,901	8,275
Gain on sale of discontinued operations	110,660	—	110,850	1,081
Net income attributable to SL Green common stockholders	\$ 235,541	\$ 8,276	\$ 381,631	\$ 27,185

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Basic earnings per share:				
Income from continuing operations before gains (loss) on sale and discontinued operations	\$ 1.25	\$ 0.09	\$ 1.69	\$ 0.23
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate	0.02	(0.04)	1.08	(0.03)
Net income from discontinued operations	0.04	0.04	0.08	0.09
Gain on sale of discontinued operations	1.16	—	1.16	0.01
Net income attributable to SL Green common stockholders	<u>\$ 2.47</u>	<u>\$ 0.09</u>	<u>\$ 4.01</u>	<u>\$ 0.30</u>
Diluted earnings per share:				
Income from continuing operations before gains (loss) on sale and discontinued operations	\$ 1.24	\$ 0.09	\$ 1.68	\$ 0.23
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate	0.02	(0.04)	1.07	(0.03)
Net income from discontinued operations	0.05	0.04	0.08	0.09
Gain on sale of discontinued operations	1.15	—	1.16	0.01
Net income attributable to SL Green common stockholders	<u>\$ 2.46</u>	<u>\$ 0.09</u>	<u>\$ 3.99</u>	<u>\$ 0.30</u>
Dividends per share	<u>\$ 0.50</u>	<u>\$ 0.33</u>	<u>\$ 1.00</u>	<u>\$ 0.66</u>
Basic weighted average common shares outstanding	<u>95,455</u>	<u>91,660</u>	<u>95,288</u>	<u>91,530</u>
Diluted weighted average common shares and common share equivalents outstanding	<u>99,484</u>	<u>94,536</u>	<u>99,128</u>	<u>94,452</u>

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

SL Green Realty Corp.
Consolidated Statements of Comprehensive Income
(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income	\$ 250,332	\$ 31,248	\$ 406,943	\$ 61,585
Other comprehensive income:				
Change in net unrealized gain on derivative instruments, including SL Green's share of joint venture net unrealized gain on derivative instruments	7,293	9,799	7,461	11,687
Change in unrealized gain (loss) on marketable securities	1,659	(1,848)	1,788	(207)
Other comprehensive income	8,952	7,951	9,249	11,480
Comprehensive income	259,284	39,199	416,192	73,065
Net income attributable to noncontrolling interests	(11,053)	(3,813)	(17,837)	(7,834)
Other comprehensive income attributable to noncontrolling interests	(276)	(456)	(234)	(515)
Comprehensive income attributable to SL Green	<u>\$ 247,955</u>	<u>\$ 34,930</u>	<u>\$ 398,121</u>	<u>\$ 64,716</u>

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

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

SL Green Realty Corp. Stockholders

	Common Stock					Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total
	Series I Preferred Stock	Number of Shares	Par Value	Additional Paid-In Capital	Treasury Stock				
Balance at December 31, 2013	\$ 221,932	94,993	\$ 986	\$ 5,015,904	\$ (317,356)	\$ (15,211)	\$ 1,619,150	\$ 491,471	\$ 7,016,876
Net income							389,106	3,333	392,439
Other comprehensive income						9,015			9,015
Preferred dividends							(7,475)		(7,475)
DRIP proceeds				26					26
Conversion of units of the Operating Partnership to common stock		233	2	23,064					23,066
Reallocation of noncontrolling interest in the Operating Partnership							(107,925)		(107,925)
Deferred compensation plan and stock award, net		2	—	1,406	(2,796)				(1,390)
Amortization of deferred compensation plan				17,069					17,069
Issuance of common stock		82	1	8,749					8,750
Proceeds from stock options exercised		277	4	19,747					19,751
Contributions to consolidated joint venture interest								1,673	1,673
Cash distributions to noncontrolling interests								(4,352)	(4,352)
Cash distributions declared (\$1.00 per common share, none of which represented a return of capital for federal income tax purposes)							(95,276)		(95,276)
Balance at June 30, 2014	\$ 221,932	95,587	\$ 993	\$ 5,085,965	\$ (320,152)	\$ (6,196)	\$ 1,797,580	\$ 492,125	\$ 7,272,247

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

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

	Six Months Ended June 30,	
	2014	2013
Operating Activities		
Net income	\$ 406,943	\$ 61,585
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	194,029	173,029
Equity in net income from unconsolidated joint ventures	(14,748)	(1,313)
Distributions of cumulative earnings from unconsolidated joint ventures	14,645	13,467
Equity in net (gain) loss on sale of interest in unconsolidated joint venture interest/real estate	(106,084)	3,583
Purchase price fair value adjustment	(71,446)	2,305
Depreciable real estate reserves	—	2,150
Gain on sale of discontinued operations	(114,735)	(1,113)
Loss on early extinguishment of debt	1,025	10,968
Deferred rents receivable	(26,727)	(29,452)
Other non-cash adjustments	(11,162)	(28,675)
Changes in operating assets and liabilities:		
Restricted cash—operations	(4,850)	6,127
Tenant and other receivables	5,890	4,896
Related party receivables	(853)	768
Deferred lease costs	(10,688)	(19,106)
Other assets	(438)	4,075
Accounts payable, accrued expenses and other liabilities and security deposits	12,973	1,793
Deferred revenue and deferred land leases payable	2,788	4,601
Net cash provided by operating activities	276,562	209,688
Investing Activities		
Acquisitions of real estate property	(208,614)	(52,534)
Additions to land, buildings and improvements	(134,249)	(61,531)
Escrowed cash—capital improvements/acquisition deposits	(38,227)	(394)
Investments in unconsolidated joint ventures	(170,532)	(81,913)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	157,699	11,117
Net proceeds from disposition of real estate/joint venture interest	258,076	5,852
Proceeds from sale of marketable securities	3,555	190
Purchase of marketable securities	(10,025)	(5,305)
Other investments	20,594	(12,994)
Origination of debt and preferred equity investments	(256,730)	(277,877)
Repayments or redemption of debt and preferred equity investments	60,412	432,667
Net cash used in investing activities	(318,041)	(42,722)

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

	Six Months Ended June 30,	
	2014	2013
Financing Activities		
Proceeds from mortgages and other loans payable	1,601,603	980,333
Repayments of mortgages and other loans payable	(1,496,224)	(833,728)
Proceeds from revolving credit facility, term loan and senior unsecured notes	683,000	370,000
Repayments of revolving credit facility, term loan and senior unsecured notes	(520,690)	(404,970)
Proceeds from stock options exercised and DRIP issuance	19,777	8,995
Net proceeds from sale of common stock	8,750	8,487
Net proceeds from sale of preferred stock	—	(9)
Redemption of preferred stock	—	(192,500)
Distributions to noncontrolling interests in other partnerships	(4,352)	(8,152)
Contributions from noncontrolling interests in other partnerships	1,548	3,364
Distributions to noncontrolling interests in the Operating Partnership	(3,598)	(1,775)
Dividends paid on common and preferred stock	(102,943)	(79,534)
Deferred loan costs and capitalized lease obligation	(43,981)	(8,492)
Net cash provided by (used in) financing activities	142,890	(157,981)
Net increase in cash and cash equivalents	101,411	8,985
Cash and cash equivalents at beginning of period	206,692	189,984
Cash and cash equivalents at end of period	\$ 308,103	\$ 198,969

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Issuance of common stock as deferred compensation	\$ 1,406	\$ —
Issuance of units in the Operating Partnership	19,460	12,675
Redemption of units in the Operating Partnership	23,066	17,287
Issuance of preferred units of limited partnership interest in the Operating Partnership	4,000	—
Fair value adjustment to noncontrolling interest in the Operating Partnership	107,925	36,091
Derivative instruments at fair value	17,088	479
Tenant improvements and capital expenditures payable	7,192	9,665
Capital leased asset	—	9,992
Transfer to net assets held for sale	339,809	207,665
Transfer to liabilities related to net assets held for sale	193,375	11,894
Transfer of financing receivable to debt investment	19,675	—
Deferred leasing payable	659	4,872
Consolidation of real estate	1,316,591	90,934
Assumption of mortgage loan	—	84,642

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

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

	June 30, 2014	December 31, 2013
	(unaudited)	
Assets		
Commercial real estate properties, at cost:		
Land and land interests	\$ 3,466,587	\$ 3,032,526
Building and improvements	8,843,315	7,884,663
Building leasehold and improvements	1,390,004	1,366,281
Properties under capital lease	27,445	50,310
	<u>13,727,351</u>	<u>12,333,780</u>
Less: accumulated depreciation	(1,769,428)	(1,646,240)
	<u>11,957,923</u>	<u>10,687,540</u>
Assets held for sale	339,809	—
Cash and cash equivalents	308,103	206,692
Restricted cash	157,225	142,051
Investment in marketable securities	39,912	32,049
Tenant and other receivables, net of allowance of \$20,026 and \$17,325 in 2014 and 2013, respectively	51,844	60,393
Related party receivables	8,915	8,530
Deferred rents receivable, net of allowance of \$27,616 and \$30,333 in 2014 and 2013, respectively	354,388	386,508
Debt and preferred equity investments, net of discounts and deferred origination fees of \$14,633 and \$18,593 in 2014 and 2013, respectively, and allowance of \$1,000 in 2013	1,547,808	1,304,839
Investments in unconsolidated joint ventures	971,926	1,113,218
Deferred costs, net	300,043	267,058
Other assets	679,840	750,123
Total assets	<u>\$ 16,717,736</u>	<u>\$ 14,959,001</u>
Liabilities		
Mortgages and other loans payable	\$ 5,939,176	\$ 4,860,578
Revolving credit facility	—	220,000
Term loan and senior unsecured notes	2,127,206	1,739,330
Accrued interest payable and other liabilities	128,730	114,622
Accounts payable and accrued expenses	164,215	145,889
Deferred revenue	223,394	263,261
Capitalized lease obligations	20,635	47,671
Deferred land leases payable	1,044	22,185
Dividend and distributions payable	53,193	52,255
Security deposits	65,166	61,308
Liabilities related to assets held for sale	193,375	—
Junior subordinate deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
Total liabilities	<u>9,016,134</u>	<u>7,627,099</u>
Commitments and contingencies	—	—
Preferred Units	49,550	49,550

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

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	(unaudited)	
Capital		
SLGOP partners' capital:		
Series I Preferred Units, \$25.00 liquidation preference, 9,200 outstanding at both June 30, 2014 and December 31, 2013	221,932	221,932
SL Green partners' capital 991 and 979 general partner common units and 94,596 and 94,014 limited partner common units outstanding at June 30, 2014 and December 31, 2013, respectively)	6,860,374	6,506,747
Limited partner interests in SLGOP (3,500 and 2,902 limited partner common units outstanding at June 30, 2014 and December 31, 2013, respectively)	84,034	77,864
Accumulated other comprehensive loss	(6,413)	(15,662)
Total SLGOP partners' capital	7,159,927	6,790,881
Noncontrolling interests in other partnerships	492,125	491,471
Total capital	7,652,052	7,282,352
Total liabilities and capital	<u>\$ 16,717,736</u>	<u>\$ 14,959,001</u>

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

SL Green Operating Partnership, L.P.
Consolidated Statements of Income
(unaudited, in thousands except per unit amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenues				
Rental revenue, net	\$ 285,234	\$ 262,743	\$ 551,755	\$ 518,560
Escalation and reimbursement	39,529	38,747	79,912	78,551
Investment income	39,714	46,731	93,798	99,439
Other income	22,750	5,723	37,331	11,015
Total revenues	<u>387,227</u>	<u>353,944</u>	<u>762,796</u>	<u>707,565</u>
Expenses				
Operating expenses, including \$4,450 and \$7,861 (2014) and \$3,953 and \$7,842 (2013) of related party expenses	70,675	68,611	144,160	139,780
Real estate taxes	53,267	51,749	108,583	104,203
Ground rent	8,040	7,930	16,073	16,058
Interest expense, net of interest income	78,611	79,551	156,330	157,860
Amortization of deferred financing costs	5,500	4,229	9,357	8,681
Depreciation and amortization	94,838	81,577	184,217	160,200
Transaction related costs, net of recoveries	1,697	1,706	4,171	3,085
Marketing, general and administrative	23,872	21,514	47,128	42,582
Total expenses	<u>336,500</u>	<u>316,867</u>	<u>670,019</u>	<u>632,449</u>
Income from continuing operations before equity in net income (loss) from unconsolidated joint ventures, equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate, purchase price fair value adjustment, loss on sale of investment in marketable securities and loss on early extinguishment of debt	50,727	37,077	92,777	75,116
Equity in net income (loss) from unconsolidated joint ventures	8,619	(3,761)	14,748	1,313
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate	1,444	(3,583)	106,084	(3,583)
Purchase price fair value adjustment	71,446	(2,305)	71,446	(2,305)
Loss on sale of investment in marketable securities	—	(8)	—	(65)
Loss on early extinguishment of debt	(1,028)	(10)	(1,025)	(18,523)
Income from continuing operations	<u>131,208</u>	<u>27,410</u>	<u>284,030</u>	<u>51,953</u>
Net income from discontinued operations	4,389	3,838	8,178	8,519
Gain on sale of discontinued operations	114,735	—	114,735	1,113
Net income	<u>250,332</u>	<u>31,248</u>	<u>406,943</u>	<u>61,585</u>
Net income attributable to noncontrolling interests in other partnerships	(1,843)	(3,004)	(3,333)	(5,905)
Preferred unit distributions	(565)	(565)	(1,130)	(1,130)
Net income attributable to SLGOP	<u>247,924</u>	<u>27,679</u>	<u>402,480</u>	<u>54,550</u>
Preferred unit redemption costs	—	(12,160)	—	(12,160)
Perpetual preferred unit distributions	(3,738)	(6,999)	(7,475)	(14,406)
Net income attributable to SLGOP common unitholders	<u>\$ 244,186</u>	<u>\$ 8,520</u>	<u>\$ 395,005</u>	<u>\$ 27,984</u>
Amounts attributable to SLGOP common unitholders:				
Income from continuing operations	\$ 52,172	\$ 10,570	\$ 94,562	\$ 24,240
Purchase price fair value adjustment	71,446	(2,305)	71,446	(2,305)
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate	1,444	(3,583)	106,084	(3,583)
Net income from discontinued operations	4,389	3,838	8,178	8,519
Gain on sale of discontinued operations	114,735	—	114,735	1,113
Net income attributable to SLGOP common unitholders	<u>\$ 244,186</u>	<u>\$ 8,520</u>	<u>\$ 395,005</u>	<u>\$ 27,984</u>

SL Green Operating Partnership, L.P.
Consolidated Statements of Income
(unaudited, in thousands except per unit amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Basic earnings per unit:				
Income from continuing operations before gains (loss) on sale and discontinued operations	\$ 1.25	\$ 0.09	\$ 1.69	\$ 0.23
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate	0.02	(0.04)	1.08	(0.03)
Net income from discontinued operations	0.04	0.04	0.08	0.09
Gain on sale of discontinued operations	1.16	—	1.16	0.01
Net income attributable to SLGOP common unitholders	\$ 2.47	\$ 0.09	\$ 4.01	\$ 0.30
Diluted earnings per unit:				
Income from continuing operations before gains (loss) on sale and discontinued operations	\$ 1.24	\$ 0.09	\$ 1.68	\$ 0.23
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate	0.02	(0.04)	1.07	(0.03)
Net income from discontinued operations	0.05	0.04	0.08	0.09
Gain on sale of discontinued operations	1.15	—	1.16	0.01
Net income attributable to SLGOP common unitholders	\$ 2.46	\$ 0.09	\$ 3.99	\$ 0.30
Dividends per unit	\$ 0.50	\$ 0.33	\$ 1.00	\$ 0.66
Basic weighted average common units outstanding	98,970	94,312	98,627	94,224
Diluted weighted average common units and common unit equivalents outstanding	99,484	94,536	99,128	94,452

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income	\$ 250,332	\$ 31,248	\$ 406,943	\$ 61,585
Other comprehensive income:				
Change in net unrealized gain on derivative instruments, including SLGOP's share of joint venture net unrealized gain on derivative instruments	7,293	9,799	7,461	11,687
Change in unrealized gain (loss) on marketable securities	1,659	(1,848)	1,788	(207)
Other comprehensive income	8,952	7,951	9,249	11,480
Comprehensive income	259,284	39,199	416,192	73,065
Net income attributable to noncontrolling interests	(1,843)	(3,004)	(3,333)	(5,905)
Comprehensive income attributable to SLGOP	<u>\$ 257,441</u>	<u>\$ 36,195</u>	<u>\$ 412,859</u>	<u>\$ 67,160</u>

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

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

	SL Green Operating Partnership Unitholders							
	Series I Preferred Units	General Partner		Limited Partners		Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
		Common Units	Common Unitholders	Common Units	Common Unitholders			
Balance at December 31, 2013	\$ 221,932	94,993	\$ 6,506,747	2,902	\$ 77,864	\$ (15,662)	\$ 491,471	7,282,352
Net income	7,475		381,631		13,374		3,333	405,813
Other comprehensive income						9,249		9,249
Preferred distributions	(7,475)							(7,475)
Issuance of common units				833	19,460			19,460
DRIP proceeds		—	26					26
Redemption of units		233	23,066	(235)	(23,066)			—
Deferred compensation plan and stock award, net		2	(1,390)					(1,390)
Amortization of deferred compensation plan			17,069					17,069
Contribution to consolidated joint venture interest							1,673	1,673
Contributions—net proceeds from common stock offering		82	8,750					8,750
Contributions—proceeds from stock options exercised		277	19,751					19,751
Cash distributions to noncontrolling interests							(4,352)	(4,352)
Cash distribution declared (\$1.00 per common unit, none of which represented a return of capital for federal income tax purposes)			(95,276)		(3,598)			(98,874)
Balance at June 30, 2014	\$ 221,932	95,587	\$ 6,860,374	3,500	\$ 84,034	\$ (6,413)	\$ 492,125	\$ 7,652,052

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

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

	Six Months Ended June 30,	
	2014	2013
Operating Activities		
Net income	\$ 406,943	\$ 61,585
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	194,029	173,029
Equity in net income from unconsolidated joint ventures	(14,748)	(1,313)
Distributions of cumulative earnings from unconsolidated joint ventures	14,645	13,467
Equity in net (gain) loss on sale of interest in unconsolidated joint venture interest/real estate	(106,084)	3,583
Purchase price fair value adjustment	(71,446)	2,305
Depreciable real estate reserves	—	2,150
Gain on sale of discontinued operations	(114,735)	(1,113)
Loss on early extinguishment of debt	1,025	10,968
Deferred rents receivable	(26,727)	(29,452)
Other non-cash adjustments	(11,162)	(28,675)
Changes in operating assets and liabilities:		
Restricted cash—operations	(4,850)	6,127
Tenant and other receivables	5,890	4,896
Related party receivables	(853)	768
Deferred lease costs	(10,688)	(19,106)
Other assets	(438)	4,075
Accounts payable, accrued expenses and other liabilities and security deposits	12,973	1,793
Deferred revenue and deferred land leases payable	2,788	4,601
Net cash provided by operating activities	276,562	209,688
Investing Activities		
Acquisitions of real estate property	(208,614)	(52,534)
Additions to land, buildings and improvements	(134,249)	(61,531)
Escrowed cash—capital improvements/acquisition deposits	(38,227)	(394)
Investments in unconsolidated joint ventures	(170,532)	(81,913)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	157,699	11,117
Net proceeds from disposition of real estate/joint venture interest	258,076	5,852
Proceeds from sale of marketable securities	3,555	190
Purchase of marketable securities	(10,025)	(5,305)
Other investments	20,594	(12,994)
Origination of debt and preferred equity investments	(256,730)	(277,877)
Repayments or redemption of debt and preferred equity investments	60,412	432,667
Net cash used in investing activities	(318,041)	(42,722)

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

	Six Months Ended June 30,	
	2014	2013
Financing Activities		
Proceeds from mortgages and other loans payable	1,601,603	980,333
Repayments of mortgages and other loans payable	(1,496,224)	(833,728)
Proceeds from revolving credit facility, term loan and senior unsecured notes	683,000	370,000
Repayments of revolving credit facility, term loan and senior unsecured notes	(520,690)	(404,970)
Contributions of proceeds from stock options exercised and DRIP issuance	19,777	8,995
Contributions of net proceeds from sale of common stock	8,750	8,487
Contributions of net proceeds from sale of preferred stock	—	(9)
Redemption of preferred stock	—	(192,500)
Distributions to noncontrolling interests in other partnerships	(4,352)	(8,152)
Contributions from noncontrolling interests in other partnerships	1,548	3,364
Distributions paid on common and preferred units	(106,541)	(81,309)
Deferred loan costs and capitalized lease obligation	(43,981)	(8,492)
Net cash provided by (used in) financing activities	142,890	(157,981)
Net increase in cash and cash equivalents	101,411	8,985
Cash and cash equivalents at beginning of period	206,692	189,984
Cash and cash equivalents at end of period	\$ 308,103	\$ 198,969
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Issuance of common stock as deferred compensation	\$ 1,406	\$ —
Issuance of units in the Operating Partnership	19,460	12,675
Redemption of units in the Operating Partnership	23,066	17,287
Issuance of preferred units of limited partnership interest in the Operating Partnership	4,000	—
Derivative instruments at fair value	17,088	479
Tenant improvements and capital expenditures payable	7,192	9,665
Capital leased asset	—	9,992
Transfer to net assets held for sale	339,809	207,665
Transfer to liabilities related to net assets held for sale	193,375	11,894
Transfer of financing receivable to debt investment	19,675	—
Deferred leasing payable	659	4,872
Consolidation of real estate	1,316,591	90,934
Assumption of mortgage loan	—	84,642

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

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements
June 30, 2014
(unaudited)

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 with respect to the properties that are wholly-owned by us 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 our operations are conducted through, the Operating Partnership. The Company is the sole managing general partner of the Operating Partnership. As of June 30, 2014, noncontrolling investors held, in the aggregate, a 3.53% 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 the Operating Partnership.

As of June 30, 2014, we owned the following interests in properties in the New York Metropolitan area, primarily in midtown Manhattan, a borough of New York City. Our investments in the New York Metropolitan area also include investments in Brooklyn, Long Island, Westchester County, Connecticut and Northern New Jersey, which are collectively known as the Suburban properties:

Location	Type	Consolidated		Unconsolidated		Total		Weighted Average Occupancy ⁽¹⁾
		Number of Properties	Square Feet	Number of Properties	Square Feet	Number of Properties	Square Feet	
Commercial:								
Manhattan	Office	23	18,429,045	7	3,476,115	30	21,905,160	94.4%
	Retail	7 ⁽²⁾	389,317	8	432,250	15	821,567	93.2%
	Development/Redevelopment	11	2,063,790	4	1,605,782	15	3,669,572	44.2%
	Fee Interest	2	961,400	—	—	2	961,400	100.0%
		43	21,843,552	19	5,514,147	62	27,357,699	87.8%
Suburban	Office	27	4,365,400	4	1,222,100	31	5,587,500	81.7%
	Retail	1	52,000	—	—	1	52,000	100.0%
	Development/Redevelopment	1	85,000	1	65,641	2	150,641	42.7%
		29	4,502,400	5	1,287,741	34	5,790,141	80.9%
	Total commercial properties	72	26,345,952	24	6,801,888	96	33,147,840	86.6%
Residential:								
Manhattan	Residential	2 ⁽²⁾	653,337	—	—	2	653,337	93.2%
Suburban	Residential	1	66,611	—	—	1	66,611	84.4%
	Total residential properties	3	719,948	—	—	3	719,948	91.9%
Total portfolio		75	27,065,900	24	6,801,888	99	33,867,788	86.7%

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

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
June 30, 2014
(unaudited)

- (2) As of June 30, 2014, we owned a building that was comprised of 270,132 square feet of retail space and 222,855 square feet of residential space. For the purpose of this report, we have included the building as part of retail properties and have shown the square footage under its respective classifications.

As of June 30, 2014, we also managed a 336,200 square foot office building owned by a third party. As of June 30, 2014, we also held debt and preferred equity investments with a book value of \$1.5 billion.

Partnership Agreement

In accordance with the partnership agreement of the Operating Partnership, or the Operating Partnership Agreement, the Operating Partnership allocates 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, for shares of SL Green's common stock on a one-for-one basis.

Basis of Quarterly Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for the fair presentation of the financial position of the Company and the Operating Partnership at June 30, 2014 and the results of operations for the periods presented have been included. The operating results for the period presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2014. These financial statements should be read in conjunction with the financial statements and accompanying notes included in the Annual Report on Form 10-K for the year ended December 31, 2013 of the Company and the Operating Partnership.

The consolidated balance sheets at December 31, 2013 have been derived from the audited financial statements as of that date but do not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

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 June 30, 2014 and December 31, 2013 are \$609.4 million and \$605.9 million, respectively, related to our consolidated VIEs. Included in mortgages and other loans payable on our consolidated balance sheets as of June 30, 2014 and December 31, 2013 are \$365.8 million and \$370.9 million, respectively, related to our 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 was 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 from us, meet on a quarterly basis

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
June 30, 2014
(unaudited)

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 our joint venture. Our joint venture agreements typically contain certain protective rights such as the requirement of 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

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 their carrying value or fair value less costs to sell. We do not believe that the values of any of our consolidated properties or properties held for sale were impaired at June 30, 2014.

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.

We recognized an increase of \$6.2 million, \$11.0 million, \$6.2 million and \$10.1 million in rental revenue for the three and six months ended June 30, 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. We recognized a reduction in interest expense for the amortization of the above-market rate mortgages assumed of \$1.3 million, \$2.8 million, \$1.2 million and \$2.4 million for the three and six months ended June 30, 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 June 30, 2014 and December 31, 2013 (in thousands):

	June 30, 2014	December 31, 2013
Identified intangible assets (included in other assets):		
Gross amount	\$ 702,189	\$ 746,704
Accumulated amortization	(382,231)	(343,339)
Net	\$ 319,958	\$ 403,365
Identified intangible liabilities (included in deferred revenue):		
Gross amount	\$ 676,075	\$ 671,380
Accumulated amortization	(461,952)	(429,138)
Net	\$ 214,123	\$ 242,242

Fair Value Measurements

See Note 17, "Fair Value Measurements."

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Investment in Marketable Securities

We invest in marketable securities. At the time of purchase, we are required to designate a security as held-to-maturity, available-for-sale, or trading depending on ability and intent. We do not have any securities designated as held-to-maturity or trading at this time. Securities available-for-sale are reported at fair value pursuant to ASC 820-10, with the net unrealized gains or losses reported as a component of accumulated other comprehensive income or loss. 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 June 30, 2014 and December 31, 2013, we held the following marketable securities (in thousands):

	June 30, 2014	December 31, 2013
Equity marketable securities	\$ 4,532	\$ 4,307
Commercial mortgage-backed securities	35,380	24,419
Rake bonds	—	3,323
Total marketable securities available-for-sale	<u>\$ 39,912</u>	<u>\$ 32,049</u>

Our equity marketable securities represent our investment in Gramercy Property Trust Inc. (NYSE: GPT), or Gramercy. Marc Holliday, our chief executive officer, remains a board member of Gramercy. As we do not have any significant influence over Gramercy, we account for our investment as available-for-sale securities.

The cost basis of the commercial mortgage-backed securities was \$32.6 million and \$23.0 million at June 30, 2014 and December 31, 2013. These securities mature at various times through 2039. The cost basis of the rake bonds was \$3.6 million at December 31, 2013.

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 June 30, 2014.

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

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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 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. Several of the 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 are 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 originations fees and loan origination costs, if any, are recognized as a reduction 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. Anticipated exit fees, whose collection 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 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 these loans individually. When a transaction meets the criteria of 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, 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.

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 relate to geographic trends and product diversification, the size of the portfolio and current economic conditions. Based upon these factors, we establish the provision for possible credit losses 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 the additional information obtained reflects increased recovery of our

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investment, we will adjust our reserves accordingly. There were no loan reserves recorded during each of the three and six months ended June 30, 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.

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, we 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 income 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, a TRS 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 three and six months ended June 30, 2014 and 2013, we recorded a Federal, state and local tax provision of \$2.1 million, \$5.0 million, \$2.3 million and \$3.9 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 ratably 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 performance measures, the total estimated compensation cost is based on the fair

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value of the award at the applicable reporting date estimated using a binomial model. For share-based awards for which there is no pre-established performance measure, we recognize compensation cost over the service vesting period, 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.

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 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 attributable to common unitholders by the weighted average number of common units 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 primarily 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 Northern New Jersey. The tenants located in our buildings operate in various industries. Other than three tenants who account for 11.2%, 7.3% and 5.7% of our share of annualized cash rent, respectively, no other tenant in our portfolio accounted for more than 2.0% of our annualized cash rent, including our share of joint venture annualized rent, for the three months ended June 30, 2014. For the three months ended June 30, 2014, 9.7%, 9.6% and 7.3% of our annualized cash rent for consolidated properties was attributable to 1515 Broadway, 388-390 Greenwich Street and 1185 Avenue of the Americas, respectively. In addition, one of our preferred equity investments accounted for 13.3% of the income earned on debt and preferred equity investments during the three months ended June 30, 2014.

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Reclassification

Certain prior year balances have been reclassified to conform to our current year presentation primarily in order to eliminate discontinued operations from income from continuing operations. In April 2014, we reclassified one of our debt and preferred equity investments to investments in unconsolidated joint ventures as a result of meeting the criteria of a real estate investment under the accounting guidance for ADC arrangements.

Accounting Standards Updates

In June 2014, the Financial Accounting Standards Board, or 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 (Accounting Standards Update, or 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 is 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 will adopt this standard beginning in the first quarter of 2015. The adoption of this guidance is not anticipated to have a material impact on our consolidated financial statements.

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. 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 is 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 is permitted. The Company will adopt this standard beginning in the first quarter of 2015. The adoption of this guidance will change the presentation of discontinued operations but will not have a material impact on our consolidated financial statements.

3. Property Acquisitions

In May 2014, we acquired Ivanhoe Cambridge, Inc.'s 49.65% economic interest in 388-390 Greenwich Street, thereby consolidating full ownership of the 2.4 million square foot property. The transaction valued the consolidated interests at \$1.585 billion. This valuation was based on a negotiated sales agreement which took into consideration the recent extension of the existing triple net lease. Simultaneous with the closing, we refinanced the existing \$1.1 billion mortgage with a four-year \$1.5 billion mortgage, which bears interest at 175 basis points over LIBOR. We also assumed the existing derivative instruments, which swapped \$504.0 million of the mortgage to fixed rate. 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. We are currently in the process of analyzing the purchase price allocation and, as such, we have not allocated any value to intangible assets.

In November 2013, we acquired a 492,987 square foot mixed-use residential and commercial property located at 315 West 33rd Street, New York, New York for \$386.8 million. Based on our preliminary analysis of the purchase price, we had allocated \$116.0 million and \$270.8 million to land and building, respectively. During the three months ended March 31, 2014, we finalized the purchase price allocation based on third party appraisal and additional facts and circumstances that existed at the acquisition date and reclassified \$33.2 million and \$7.8 million to values for above-market and in-place leases and below-market leases, respectively. These adjustments did not have a material impact to our consolidated statement of income for the six months ended June 30, 2014.

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Pro Forma

The following table summarizes, on an unaudited pro forma basis, the results of operations of 388-390 Greenwich Street, which are included in the consolidated statement of income, and our consolidated results of operations for the three and six months ended June 30, 2014 and 2013 as though the acquisition of our joint venture partner's interest in 388-390 Greenwich Street was completed on January 1, 2013. 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 amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Actual revenues since acquisition	\$ 14,897		\$ 14,897	
Actual net income since acquisition	76,844		76,844	
Pro forma revenues	400,812	381,397	804,863	762,471
Pro forma income from continuing operations	61,930	27,437	218,835	127,081
Pro forma basic earnings per share	1.77	0.09	3.34	1.09
Pro forma diluted earnings per share	1.76	0.09	3.33	1.09
Pro forma basic earnings per unit	1.77	0.09	3.34	1.09
Pro forma diluted earnings per unit	1.76	0.09	3.33	1.09

(1) The pro forma income from continuing operations for the three and six months ended June 30, 2014 and 2013 includes the effect of the new financing necessary to complete the acquisition and the preliminary allocation of purchase price in connection with the changes in depreciation and amortization. In addition, the pro forma income from continuing operations for the six months ended June 30, 2013 was adjusted to include the purchase price fair value adjustment, as though the acquisition was completed on January 1, 2013. The pro forma income from continuing operations for the three and six months ended June 30, 2014 excludes this purchase price fair value adjustment.

4. Properties Held for Sale and Dispositions

In June 2014, we entered into a contract to sell our leased fee interest in 2 Herald Square for \$365.0 million. This transaction is expected to close during the fourth quarter of 2014, subject to the satisfaction of customary closing conditions.

In April 2014, we entered into a contract to sell our fee interest and development rights in 985-987 Third Avenue for \$68.7 million. The sale is being made in conjunction with the sale of an adjacent parcel, which we do not own. This transaction closed in July 2014.

In May 2014, we sold our leasehold interest in 673 First Avenue for \$145.0 million and recognized a gain on sale of \$117.8 million.

Discontinued operations included the results of operations of real estate assets under contract or sold prior to June 30, 2014. This included 2 Herald Square and 985-987 Third Avenue, which were both held for sale at June 30, 2014, 673 First Avenue, which was sold in May 2014, and 44 West 55th Street, 333 West 34th Street and 300 Main Street, which were sold in February, August, and September of 2013, respectively.

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The following table summarizes net income from discontinued operations for the three and six months ended June 30, 2014 and 2013, respectively (in thousands):

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	2014	2013	2014	2013
Revenues				
Rental revenue	\$ 8,366	\$ 15,494	\$ 19,000	\$ 30,155
Escalation and reimbursement revenues	258	789	1,080	1,985
Other income	2	2	2	485
Total revenues	8,626	16,285	20,082	32,625
Operating expenses	291	2,362	1,179	4,832
Real estate taxes	383	1,245	1,402	2,489
Ground rent	805	719	3,001	3,582
Interest expense, net of interest income	2,707	3,892	5,827	6,918
Amortization of deferred financing costs	11	11	22	22
Depreciable real estate reserves	—	2,150	—	2,150
Depreciation and amortization	—	2,060	433	4,126
Transaction related costs, net of recoveries	40	8	40	(13)
Total expenses	4,237	12,447	11,904	24,106
Net income from discontinued operations	\$ 4,389	\$ 3,838	\$ 8,178	\$ 8,519

5. Debt and Preferred Equity Investments

During the six months ended June 30, 2014 and 2013, our debt and preferred equity investments, net of discounts and deferred origination fees, increased \$303.4 million and \$298.8 million, respectively, due to originations, purchases, accretion of reserves, discounts and paid-in-kind interest. We recorded repayments, participations and sales of \$60.4 million and \$419.8 million during the six months ended June 30, 2014 and 2013, respectively, which offset the increases in debt and preferred equity investments.

Debt Investments

As of June 30, 2014 and December 31, 2013, we held the following debt investments with an aggregate weighted average current yield of 10.69% at June 30, 2014 (in thousands):

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Loan Type	June 30, 2014 Funding Obligations	June 30, 2014 Senior Financing	June 30, 2014 Carrying Value ⁽¹⁾	December 31, 2013 Carrying Value ⁽¹⁾	Initial Maturity Date
Fixed Rate Investments:					
Jr. Mortgage Participation	\$ —	\$ 398,500	\$ 11,893	\$ 11,856	March 2015
Jr. Mortgage Participation/Mezzanine Loan	—	205,000	69,480	68,319	February 2016
Jr. Mortgage Participation/Mezzanine Loan	—	165,159	45,137	44,742	May 2016
Mezzanine Loan	—	177,000	14,519	15,012	May 2016
Jr. Mortgage Participation	—	133,000	49,000	49,000	June 2016
Mezzanine Loan	—	165,000	71,430	71,312	November 2016
Jr. Mortgage Participation/Mezzanine Loan ⁽²⁾	—	1,109,000	95,329	26,884	March 2017
Other ⁽²⁾	—	—	65,578	54,099	March 2017
Mezzanine Loan ⁽³⁾	19,725	521,750	21,267	20,954	June 2017
Mortgage Loan	—	—	696	—	August 2019
Mezzanine Loan	—	15,000	3,500	3,500	September 2021
Mezzanine Loan ⁽⁴⁾	—	90,000	19,928	19,926	November 2023
Total fixed rate	<u>\$ 19,725</u>	<u>\$ 2,979,409</u>	<u>\$ 467,757</u>	<u>\$ 385,604</u>	
Floating Rate Investments:					
Jr. Mortgage Participation/Mezzanine Loan ⁽⁵⁾	—	330,000	131,987	131,724	July 2014
Mezzanine Loan ⁽⁶⁾	—	180,000	59,974	59,892	August 2014
Jr. Mortgage Participation ⁽⁷⁾	—	57,750	10,875	10,873	August 2014
Mezzanine Loan ⁽⁸⁾	—	481,309	19,487	—	September 2014
Mezzanine Loan	9,794	93,279	40,125	38,549	October 2014
Jr. Mortgage Participation ⁽⁹⁾	—	84,000	24,959	24,046	February 2015
Mezzanine Loan	22,817	50,000	22,002	—	April 2015
Mortgage/Mezzanine Loan	—	—	108,981	—	June 2015
Mezzanine Loan	—	110,000	49,354	49,110	September 2015
Mezzanine Loan	9,215	107,157	40,662	27,662	December 2015
Mezzanine Loan	—	775,000	73,326	72,823	March 2016
Mezzanine Loan ⁽¹⁰⁾	—	160,000	22,549	22,526	June 2016
Mezzanine Loan	—	115,000	24,907	25,590	July 2016
Mezzanine Loan	10,584	168,485	26,655	25,725	November 2016
Mezzanine Loan	333	33,833	11,816	11,798	December 2016
Jr. Mortgage Participation/Mezzanine Loan	—	55,000	20,544	20,553	July 2018
Mortgage/Mezzanine Loan	—	—	17,923	—	February 2019
Mezzanine Loan	—	38,000	21,789	—	March 2019
Mortgage Loan ⁽¹¹⁾	—	—	—	30,000	
Total floating rate	<u>\$ 52,743</u>	<u>\$ 2,838,813</u>	<u>\$ 727,915</u>	<u>\$ 550,871</u>	
Total	<u>\$ 72,468</u>	<u>\$ 5,818,222</u>	<u>\$ 1,195,672</u>	<u>\$ 936,475</u>	
Loan loss reserve			—	(1,000)	
Total			<u>\$ 1,195,672</u>	<u>\$ 935,475</u>	

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- (1) Carrying value is net of discounts, original issue discounts and deferred origination fees.
- (2) During the three months ended March 31, 2014, we recognized \$10.1 million of previously unaccrued interest income as deemed collectible as a result of the subsequent sale of the property, which closed in June 2014. In connection with the sale of the underlying property, our existing \$66.7 million mezzanine loan was defeased and is now shown separately, as it is collateralized by defeasance securities. The buyer assumed our \$30.0 million participating interest on the mortgage and we acquired a \$67.3 million participating interest on the mezzanine loan.
- (3) Carrying value is net of \$41.3 million that was participated out, which is included in other assets and other liabilities on the consolidated balance sheets as a result of the transfer not meeting the conditions for sale accounting.
- (4) Carrying value is net of \$5.0 million that was participated out, which is included in other assets and other liabilities on the consolidated balance sheets as a result of the transfer not meeting the conditions for sale accounting.
- (5) This loan was repaid in July 2014.
- (6) This loan was repaid in August 2014.
- (7) In June 2014, the loan maturity date was extended to August 2014 and \$10.8 million has been repaid.
- (8) This loan was previously included in other assets on the consolidated balance sheets. Following the sale of our interest in the partnership that is the borrower, the loan was reclassified to debt and preferred equity investments.
- (9) In March 2014, the loan was extended to February 2015.
- (10) Carrying value is net of \$7.4 million that was participated out, which is included in other assets and other liabilities on the consolidated balance sheets as a result of the transfer not meeting the conditions for sale accounting.
- (11) This loan was repaid in May 2014.

Preferred Equity Investments

As of June 30, 2014 and December 31, 2013, we held the following preferred equity investments with an aggregate weighted average current yield of 9.75% at June 30, 2014 (in thousands):

Type	June 30, 2014 Senior Financing	June 30, 2014 Carrying Value (1)	December 31, 2013 Carrying Value (1)	Initial Mandatory Redemption
Preferred equity ⁽²⁾	\$ 525,000	\$ 119,197	\$ 115,198	July 2015
Preferred equity ⁽²⁾	926,260	222,992	218,330	July 2016
Preferred equity	70,000	9,947	9,940	November 2017
Preferred equity ⁽³⁾	—	—	25,896	
	<u>\$ 1,521,260</u>	<u>\$ 352,136</u>	<u>\$ 369,364</u>	

- (1) Carrying value is net of discounts and deferred origination fees.
- (2) The difference between the pay and accrual rates is included as an addition to the principal balance outstanding.
- (3) This preferred equity investment was redeemed in April 2014.

The following table is a rollforward of our total loan loss reserves at June 30, 2014 and December 31, 2013 (in thousands):

	June 30, 2014	December 31, 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	<u>\$ —</u>	<u>\$ 1,000</u>

At June 30, 2014 and December 31, 2013, all debt and preferred equity investments were performing in accordance with the terms of the loan agreements.

We have determined that we have one portfolio segment of financing receivables at June 30, 2014 and December 31, 2013 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 \$134.9 million and \$172.8 million at June 30, 2014 and December 31, 2013, respectively. No financing receivables were 90 days past due at June 30, 2014.

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6. Investments in Unconsolidated Joint Ventures

We have investments in several real estate joint ventures with various partners, including Ivanhoe Cambridge, Inc., formerly SITQ Immobilier, a subsidiary of Caisse de depot et placement du Quebec, SITQ, Canada Pension Plan Investment Board, or CPPIB, Prudential Real Estate Investors, or Prudential, Onyx Equities, or Onyx, The Witkoff Group, or Witkoff, Credit Suisse Securities (USA) LLC, or Credit Suisse, Jeff Sutton, or Sutton, Harel Insurance and Finance, or Harel, Louis Cappelli, or Cappelli, The Moinian Group, or Moinian, Vornado Realty Trust (NYSE: VNO), or Vornado, Plaza Global Real Estate Partners LP, or Plaza, Lehman Bros., as well as private investors. All the investments below are voting interest entities, except for 650 Fifth Avenue, 33 Beekman, 3 Columbus Circle and 180/182 Broadway which are VIEs in which we are not the primary beneficiary as of June 30, 2014 and December 31, 2013. Prior to the acquisition of our joint venture partner's interest in May 2014, 388-390 Greenwich was also a VIE. Our net equity investment in these VIEs was \$185.2 million and \$310.7 million at June 30, 2014 and December 31, 2013, respectively. 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 June 30, 2014 (amounts in thousands):

Property	Partner	Ownership Interest	Economic Interest	Square Feet	Acquisition Date	Acquisition Price ⁽¹⁾
100 Park Avenue	Prudential	49.90%	49.90%	834	January 2000	\$ 95,800
717 Fifth Avenue	Sutton/Private Investor	10.92%	10.92%	120	September 2006	251,900
800 Third Avenue	Private Investors	42.95%	42.95%	526	December 2006	285,000
1745 Broadway	Witkoff/SITQ/Lehman Bros.	32.26%	32.26%	674	April 2007	520,000
1 and 2 Jericho Plaza	Onyx/Credit Suisse	20.26%	20.26%	640	April 2007	210,000
The Meadows	Onyx	50.00%	50.00%	582	September 2007	111,500
180/182 Broadway ⁽²⁾	Harel/Sutton	25.50%	25.50%	71	February 2008	43,600
600 Lexington Avenue	CPPIB	55.00%	55.00%	304	May 2010	193,000
11 West 34th Street	Private Investor/Sutton	30.00%	30.00%	17	December 2010	10,800
7 Renaissance	Cappelli	50.00%	50.00%	37	December 2010	4,000
3 Columbus Circle ⁽³⁾	Moinian	48.90%	48.90%	769	January 2011	500,000
280 Park Avenue	Vornado	50.00%	49.50%	1,237	March 2011	400,000
1552-1560 Broadway ⁽⁴⁾	Sutton	50.00%	50.00%	49	August 2011	136,550
724 Fifth Avenue	Sutton	50.00%	50.00%	65	January 2012	223,000
10 East 53rd Street	CPPIB	55.00%	55.00%	390	February 2012	252,500
33 Beekman ⁽⁵⁾	Harel/Naftali	45.90%	45.90%	145	August 2012	31,000
521 Fifth Avenue	Plaza	50.50%	50.50%	460	November 2012	315,000
21 East 66th Street ⁽⁶⁾	Private Investors	32.28%	32.28%	17	December 2012	75,000
315 West 36th Street	Private Investors	35.50%	35.50%	148	December 2012	45,000
650 Fifth Avenue ⁽⁷⁾	Sutton	50.00%	50.00%	32	November 2013	—

(1) Acquisition price represents the actual or implied gross purchase price for the joint venture.

(2) In June 2014, the joint venture entered into a contract to sell the property for \$222.5 million. This transaction is expected to close during the third quarter of 2014, subject to satisfaction of customary closing conditions.

(3) As a result of the sale of a condominium interest in September 2012, Young & Rubicam, Inc., or Y&R, owns a portion of the property, generally floors three through eight referred to as Y&R units. Because the joint venture has an option to repurchase the Y&R units, the gain associated with this sale was deferred.

(4) The purchase price pertained only to the purchase of the 1552 Broadway interest which comprised 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.

(5) The joint venture owns a fee interest in the property and will develop an approximately 30 story building for student housing. Upon completion of the development, the joint venture will convey a long-term ground lease condominium interest in the building to Pace.

(6) We hold a 32.28% interest in three retail and two residential units at the property and a 16.14% interest in four residential units at the property.

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- (7) 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 Sutton executed a 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 May 2014, we sold our 33.33% partnership 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 located at 747 Madison Avenue at an implied gross valuation of \$160.0 million, inclusive of the \$33.1 million mortgage encumbering the property. We 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 requisites of a sale under the full accrual method. We, along with our joint venture partners, retained one apartment unit at this property.

In March 2014, we sold our 43.74% economic ownership interest in the joint venture which holds the West Coast Office portfolio at an implied gross valuation of \$756.0 million, inclusive of the \$526.3 million mortgage encumbering the property. We recognized a gain of \$85.5 million on the sale of our investment.

In March 2014, we closed on the origination of a \$100.0 million acquisition and equity participating financing consisting of a \$60.0 million mezzanine loan and a \$40.0 million preferred equity, which are both due to mature in March 2016, subject to three one-year extension options and a two-year option for the last extension. These loans, which were previously accounted for as debt and preferred equity investments, were reclassified to investments in unconsolidated joint ventures as a result of meeting the criteria of a real estate investment under the guidance for ADC arrangements. We have accounted for this wholly-owned investment under the equity method of accounting.

In January 2014, we sold our 49.90% partnership interest in the joint venture which holds 21-25 West 34th Street at an implied gross valuation of \$114.9 million, inclusive of the \$100.0 million mortgage encumbering the property. We recognized a gain of \$20.9 million on the sale of our investment. We, along with our joint venture partner, retained 91,311 square feet of development rights at this property.

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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 June 30, 2014 and December 31, 2013, respectively, are as follows (amounts in thousands):

Property	Maturity Date	Interest Rate(1)	June 30, 2014	December 31, 2013
Fixed Rate Debt:				
7 Renaissance	December 2015	10.00%	\$ 1,461	\$ 1,276
11 West 34th Street	January 2016	4.82%	17,056	17,205
280 Park Avenue	June 2016	6.57%	703,520	706,886
1745 Broadway	January 2017	5.68%	340,000	340,000
1 and 2 Jericho Plaza	May 2017	5.65%	163,750	163,750
800 Third Avenue	August 2017	6.00%	20,910	20,910
315 West 36th Street	December 2017	3.16%	25,000	25,000
717 Fifth Avenue ⁽²⁾	July 2022	4.45%	300,000	300,000
21 East 66th Street	April 2023	3.60%	12,000	12,000
717 Fifth Avenue ⁽²⁾	July 2024	9.00%	309,074	304,000
388 and 390 Greenwich Street ⁽³⁾	—	—	—	996,082
100 Park Avenue ⁽⁴⁾	—	—	—	209,786
21 West 34th Street ⁽⁵⁾	—	—	—	100,000
1604-1610 Broadway ⁽⁶⁾	—	—	—	27,000
Total fixed rate debt			\$ 1,892,771	\$ 3,223,895
Floating Rate Debt:				
180/182 Broadway	December 2014	2.91%	89,551	89,893
The Meadows	September 2015	7.75%	67,350	67,350
3 Columbus Circle ⁽⁷⁾	April 2016	2.33%	235,129	239,233
1552 Broadway ⁽⁸⁾	April 2016	4.16%	175,904	158,690
Other loan payable	June 2016	1.06%	30,000	30,000
10 East 53rd Street	February 2017	2.66%	125,000	125,000
724 Fifth Avenue ⁽⁹⁾	April 2017	2.58%	275,000	120,000
33 Beekman ⁽¹⁰⁾	August 2017	2.91%	34,141	18,362
600 Lexington Avenue	October 2017	2.23%	118,689	120,616
521 Fifth Avenue	November 2019	2.36%	170,000	170,000
100 Park Avenue ⁽⁴⁾	February 2021	1.91%	360,000	—
21 East 66th Street	June 2033	2.88%	1,921	1,959
388 and 390 Greenwich Street ⁽³⁾	—	—	—	142,297
747 Madison Avenue	—	—	—	33,125
West Coast Office portfolio ⁽¹¹⁾	—	—	—	526,290
Total floating rate debt			\$ 1,682,685	\$ 1,842,815
Total joint venture mortgages and other loans payable			\$ 3,575,456	\$ 5,066,710

(1) Effective weighted average interest rate for the three months ended June 30, 2014, taking into account interest rate hedges in effect during the period.

(2) These loans are comprised of a \$300.0 million fixed rate mortgage loan and \$290.0 million mezzanine loan. The mezzanine loan is subject to accretion based on the difference between contractual interest rate and contractual pay rate.

(3) In May 2014, we acquired the interest of our joint venture thereby consolidating the entity. Simultaneous with the acquisition, we refinanced the mortgage and realized a net loss on early extinguishment of debt of \$2.4 million.

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- (4) In February 2014, the joint venture replaced the previous fixed rate mortgage with a \$360.0 million, seven-year floating rate, mortgage and realized a net loss on early extinguishment of \$3.2 million.
- (5) In January 2014, we sold our interest in the joint venture, inclusive of our share of the joint venture debt.
- (6) This loan was in default since November 2009 due to the non-payment of debt service. In January 2014, the joint venture relinquished its ground lease position to the lender. During the six months ended June 30, 2014, we also recognized \$7.7 million of incentive income, which is included in other income on the consolidated statements of income.
- (7) The joint venture has the ability to increase the mortgage by \$40.0 million based on meeting certain performance hurdles. In connection with this obligation, we executed a master lease agreement and our joint venture partner executed a contribution agreement to reflect its pro rata obligation under the master lease. The lien on the mortgage and the master lease excludes the condominium interest owned by Y&R. See Note 3 of prior table.
- (8) These loans are comprised of a \$150.0 million mortgage loan and a \$41.5 million mezzanine loan and are subject to two one-year extension options. As of June 30, 2014, \$8.4 million of the mortgage loan and \$7.2 million of the mezzanine loan remained unfunded.
- (9) In April 2014, the joint venture refinanced the previous mortgage with a \$235.0 million mortgage and a \$40.0 million mezzanine loan and realized a net loss on early extinguishment of debt of \$1.2 million. These new floating rate loans mature in April 2017.
- (10) This loan has a committed amount of \$75.0 million, which 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 venture reaching certain milestones. We believe it is unlikely that we will be required to perform under this guarantee.
- (11) In March 2014, we sold our interest in the joint venture, inclusive of our share in the joint venture debt.

We act as the operating partner and day-to-day manager for all our joint ventures, except for 800 Third Avenue, 1 and 2 Jericho Plaza, 280 Park Avenue, 3 Columbus Circle and The Meadows. We are entitled to receive fees for providing management, leasing, construction supervision and asset management services to our joint ventures. We earned \$4.8 million, \$11.2 million, \$1.4 million and \$4.0 million from these services for the three and six months ended June 30, 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 June 30, 2014 and December 31, 2013, are as follows (in thousands):

	June 30, 2014	December 31, 2013
Assets		
Commercial real estate property, net	\$ 4,925,422	\$ 6,846,021
Other assets	749,571	827,282
Total assets	<u>\$ 5,674,993</u>	<u>\$ 7,673,303</u>
Liabilities and members' equity		
Mortgages and other loans payable	\$ 3,575,456	\$ 5,066,710
Other liabilities	485,753	596,960
Members' equity	1,613,784	2,009,633
Total liabilities and members' equity	<u>\$ 5,674,993</u>	<u>\$ 7,673,303</u>
Company's investments in unconsolidated joint ventures	<u>\$ 971,926</u>	<u>\$ 1,113,218</u>

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The combined statements of income for the unconsolidated joint ventures, from acquisition date through the three and six months ended June 30, 2014 and 2013 are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Total revenues	\$ 130,495	\$ 154,974	\$ 291,633	\$ 306,205
Operating expenses	18,362	28,205	45,045	56,816
Ground rent	2,632	658	4,657	1,315
Real estate taxes	15,406	16,958	32,342	34,263
Interest expense, net of interest income	44,728	56,561	97,064	112,968
Amortization of deferred financing costs	2,026	5,302	6,659	9,585
Transaction related costs, net of recoveries	(207)	—	64	—
Depreciation and amortization	33,858	52,539	79,462	95,150
Total expenses	116,805	160,223	265,293	310,097
Loss on early extinguishment of debt	(3,546)	—	(6,743)	—
Net income (loss) before gain on sale	\$ 10,144	\$ (5,249)	\$ 19,597	\$ (3,892)
Company's equity in net income (loss) from unconsolidated joint ventures	\$ 8,619	\$ (3,761)	\$ 14,748	\$ 1,313

7. Deferred Costs

Deferred costs at June 30, 2014 and December 31, 2013 consisted of the following (in thousands):

	June 30, 2014	December 31, 2013
Deferred leasing	\$ 331,716	\$ 326,379
Deferred financing	201,148	157,088
	532,864	483,467
Less accumulated amortization	(232,821)	(216,409)
Deferred costs, net	\$ 300,043	\$ 267,058

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8. Mortgages and Other Loans Payable

The first mortgages and other loans payable collateralized by the respective properties and assignment of leases at June 30, 2014 and December 31, 2013 were as follows (amounts in thousands):

Property	Maturity Date	Interest Rate(1)	June 30, 2014	December 31, 2013
Fixed Rate Debt:				
125 Park Avenue	October 2014	5.75%	\$ 146,250	\$ 146,250
711 Third Avenue	June 2015	4.99%	120,000	120,000
625 Madison Avenue	November 2015	7.27%	117,892	120,830
500 West Putnam Avenue	January 2016	5.52%	23,253	23,529
420 Lexington Avenue	September 2016	7.15%	181,612	182,641
Landmark Square	December 2016	4.00%	82,097	82,909
485 Lexington Avenue	February 2017	5.61%	450,000	450,000
120 West 45th Street	February 2017	6.12%	170,000	170,000
762 Madison Avenue	February 2017	3.75%	8,128	8,211
2 Herald Square ⁽²⁾	April 2017	5.36%	191,250	191,250
885 Third Avenue	July 2017	6.26%	267,650	267,650
388-390 Greenwich Street ⁽³⁾	June 2018	3.80%	504,000	—
Other loan payable ⁽⁴⁾	September 2019	8.00%	50,000	50,000
One Madison Avenue	May 2020	5.91%	576,653	587,336
100 Church	July 2022	4.68%	230,000	230,000
919 Third Avenue ⁽⁵⁾	June 2023	5.12%	500,000	500,000
400 East 57th Street	February 2024	4.13%	69,503	70,000
400 East 58th Street	February 2024	4.13%	29,787	30,000
1515 Broadway	March 2025	3.93%	900,000	900,000
Series J Preferred Units ⁽⁶⁾	April 2051	3.75%	4,000	—
609 Partners, LLC ⁽⁷⁾	—	—	—	23
Total fixed rate debt			<u>\$ 4,622,075</u>	<u>\$ 4,130,629</u>
Floating Rate Debt:				
Master repurchase agreement ⁽⁸⁾	December 2014	3.37%	—	91,000
180 Maiden Lane ⁽⁹⁾	November 2016	2.34%	258,351	262,706
388-390 Greenwich Street ⁽³⁾	June 2018	1.91%	946,000	—
248-252 Bedford Avenue ⁽¹⁰⁾	June 2019	2.16%	29,000	22,000
220 East 42nd Street	October 2020	1.76%	275,000	275,000
16 Court Street ⁽¹¹⁾			—	79,243
Total floating rate debt			<u>\$ 1,508,351</u>	<u>\$ 729,949</u>
Total mortgages and other loans payable			<u>\$ 6,130,426</u>	<u>\$ 4,860,578</u>

(1) Effective weighted average interest rate for the three months ended June 30, 2014, taking into account interest rate hedges in effect during the period.

(2) This property is held for sale at June 30, 2014 and the related \$191.3 million mortgage is included in liabilities related to assets held for sale.

(3) Simultaneous with the acquisition of our joint venture partner interest, we refinanced the \$1.1 billion floating rate mortgage with a \$1.5 billion seven-year floating rate mortgage, and have consolidated the property.

(4) This loan is secured by a portion of a preferred equity investment.

(5) We own a 51.0% controlling interest in the joint venture that is the borrower on this loan.

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- (6) In connection with the subsequent acquisition of a commercial real estate property, the Operating Partnership issued \$4.0 million or 4,000 3.75% Series J Preferred Units of limited partnership interest, of the Series J Preferred Units, with a mandatory liquidation preference of \$1,000.00 per unit. The Series J Preferred Units 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 April 2014, the remaining 22,658 Series E Preferred Units of the Operating Partnership were canceled.
- (8) The Master Repurchase Agreement, or MRA, has a maximum facility capacity of \$300.0 million.
- (9) In connection with this consolidated joint venture obligation, we executed a master lease agreement. Our partner has executed a contribution agreement to reflect its pro rata share of the obligation under the master lease.
- (10) In June 2014, we replaced the previous floating rate mortgage with a \$29.0 million, five-year floating rate mortgage and incurred a net loss on early extinguishment of debt of \$0.5 million.
- (11) In April 2014, we repaid the loan and incurred a loss on early extinguishment of debt of \$0.5 million.

The gross book value of the properties and debt and preferred equity investments collateralizing the mortgages and other loans payable was \$9.5 billion and \$8.0 billion at June 30, 2014 and December 31, 2013, respectively.

9. Corporate Indebtedness

2012 Credit Facility

In March 2014, we entered into an amendment to the \$1.6 billion credit facility entered into by the Company in November 2012, or the 2012 credit facility, which, among other things, increased the term loan portion of the 2012 credit facility by \$383.0 million to \$783.0 million, decreased the interest-rate margin applicable to the term loan 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. The 2012 credit facility, as amended, consists of a \$1.2 billion revolving credit facility, or the revolving credit facility, and a \$783.0 million term loan facility, or the term loan facility. The revolving credit facility matures in March 2017 and includes two six-month as-of-right extension options, subject to the payment of an extension fee of 10 basis points for each such extension. We also have an option, subject to customary conditions, without the consent of existing lenders, to increase the capacity under the revolving credit facility to \$1.5 billion at any time prior to the maturity date for the revolving credit facility, by obtaining additional commitments from our existing lenders and other financial institutions.

The 2012 credit facility bears interest at a spread over LIBOR ranging from (i) 100 basis points to 175 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 June 30, 2014, the applicable spread was 145 basis points for the revolving credit facility and 140 basis points for the term loan facility. At June 30, 2014, the effective interest rate was 1.61% for the revolving credit facility and 1.64% for the term loan facility. We are required to pay quarterly in arrears a 15 to 35 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 June 30, 2014, the facility fee was 30 basis points. At June 30, 2014, we had \$116.3 million of outstanding letters of credit and \$783.0 million outstanding under the term loan facility, with total undrawn capacity of \$1.1 billion under the revolving credit facility.

In connection with the amendment of the 2012 credit facility, we incurred debt origination and other loan costs of \$2.8 million. We evaluated the modification pursuant to ASC 470 and determined that the terms of the amendment were not substantially different from the terms of the previous 2012 credit facility. As a result, these deferred costs and the unamortized balance of the costs previously incurred are amortized through the extended maturity date of the term loan 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 June 30, 2014 and December 31, 2013 by scheduled maturity date (amounts in thousands):

Issuance	June 30, 2014 Unpaid Principal Balance	June 30, 2014 Accreted Balance	December 31, 2013 Accreted Balance	Coupon Rate(1)	Effective Rate	Term (in Years)	Maturity Date
August 13, 2004 ⁽²⁾	\$ 75,898	\$ 75,898	\$ 75,898	5.88%	5.88%	10	August 15, 2014
March 31, 2006 ⁽²⁾	255,308	255,227	255,206	6.00%	6.00%	10	March 31, 2016
October 12, 2010 ⁽³⁾	345,000	303,354	297,837	3.00%	3.00%	7	October 15, 2017
August 5, 2011 ⁽⁴⁾	250,000	249,712	249,681	5.00%	5.00%	7	August 15, 2018
March 16, 2010 ⁽⁴⁾	250,000	250,000	250,000	7.75%	7.75%	10	March 15, 2020
November 15, 2012 ⁽⁴⁾	200,000	200,000	200,000	4.50%	4.50%	10	December 1, 2022
June 27, 2005 ⁽²⁾⁽⁵⁾	7	7	7	4.00%	4.00%	20	June 15, 2025
March 26, 2007 ⁽⁶⁾	10,008	10,008	10,701	3.00%	3.00%	20	March 30, 2027
	\$ 1,386,221	\$ 1,344,206	\$ 1,339,330				

(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) 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 11.7153 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 guaranteed by ROP. On the issuance date, \$78.3 million of the debt balance was recorded in equity. As of June 30, 2014, \$41.6 million remained to be amortized into the debt balance.

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

(5) Exchangeable senior debentures which are currently callable at par. In addition, the debentures can be put to ROP, at the option of the holder at par plus accrued and unpaid interest, on June 15, 2015 and 2020 and upon the occurrence of certain change of control transactions. As a result of the acquisition of all outstanding shares of common stock of Reckson, or the Reckson Merger, the adjusted exchange rate for the debentures is 7.7461 shares of SL Green's common stock per \$1,000 of principal amount of debentures and the adjusted reference dividend for the debentures is \$1.3491.

(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 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.

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 minimum amount of tangible net worth, a 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 June 30, 2014, we were in compliance with all such covenants.

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Junior Subordinate 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 three-month LIBOR plus 125 basis points. 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.

Principal Maturities

Combined aggregate principal maturities of mortgages and other loans payable, the 2012 credit facility, trust preferred securities, senior unsecured notes and our share of joint venture debt as of June 30, 2014, including as-of-right extension options, were as follows (in thousands):

	Scheduled Amortization	Principal Repayments	Trust Preferred Securities	Term Loan and Senior Unsecured Notes	Total	Joint Venture Debt
Remaining 2014	\$ 23,163	\$ 146,250	\$ —	\$ 75,898	\$ 245,311	\$ 27,651
2015	47,480	229,537	—	7	277,024	44,260
2016	55,946	514,311	—	255,308	825,565	561,736
2017	61,063	1,086,579 ⁽¹⁾	—	355,008	1,502,650	442,584
2018	64,462	—	—	250,000	314,462	28
Thereafter	246,979	3,654,656	100,000	1,233,000	5,234,635	353,580
	<u>\$ 499,093</u>	<u>\$ 5,631,333 ⁽¹⁾</u>	<u>\$ 100,000</u>	<u>\$ 2,169,221</u>	<u>\$ 8,399,647</u>	<u>\$ 1,429,839</u>

(1) Principal repayments include the mortgage at 2 Herald Center, which is included in liabilities related to assets held for sale.

Consolidated interest expense, excluding capitalized interest, was comprised of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Interest expense	\$ 79,163	\$ 80,009	\$ 157,414	\$ 158,758
Interest income	(552)	(458)	(1,084)	(898)
Interest expense, net	<u>\$ 78,611</u>	<u>\$ 79,551</u>	<u>\$ 156,330</u>	<u>\$ 157,860</u>
Interest capitalized	<u>\$ 6,862</u>	<u>\$ 3,301</u>	<u>\$ 11,003</u>	<u>\$ 6,363</u>

10. 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 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 income, was \$1.0 million, \$1.9 million, \$0.9 million and \$1.9 million for the three and six months ended June 30, 2014 and 2013, respectively. We also recorded expenses of \$4.7 million, \$8.2 million, \$4.3

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million and \$8.4 million for the three and six months ended June 30, 2014 and 2013, respectively, for these services (excluding services provided directly to tenants).

Marketing Services

A-List Marketing, LLC, or A-List, provides marketing services to us. Deena Wolff, a sister of Marc Holliday, our chief executive officer, is the owner of A-List. We recorded approximately \$77,100, \$94,900, \$104,900 and \$107,300 for the three and six months ended June 30, 2014 and 2013, respectively, for these services.

Leases

Nancy Peck and Company leases 1,003 square feet of space at 420 Lexington Avenue under a lease that ends in August 2015. Nancy Peck and Company is owned by Nancy Peck, the wife of Stephen L. Green. The rent due pursuant to the lease was \$35,516 per annum for year one increasing to \$40,000 in year seven.

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 such entity of approximately \$111,600, \$216,400, \$95,500 and \$213,700 for the three and six months ended June 30, 2014 and 2013, respectively.

Other

Amounts due from related parties at June 30, 2014 and December 31, 2013 consisted of the following (in thousands):

	June 30, 2014	December 31, 2013
Due from joint ventures	\$ 1,484	\$ 2,376
Other	7,431	6,154
Related party receivables	<u>\$ 8,915</u>	<u>\$ 8,530</u>

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 June 30, 2014 and December 31, 2013, the noncontrolling interest unit holders owned 3.53%, or 3,500,060 units, and 2.96%, or 2,902,317 units, of the Operating Partnership, respectively. At June 30, 2014, 3,500,060 shares of SL Green's common stock were reserved for issuance upon 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 June 30, 2014, and December 31, 2013 (in thousands):

	June 30, 2014	December 31, 2013
Balance at beginning of period	\$ 265,476	\$ 212,907
Distributions	(3,598)	(4,146)
Issuance of common units	19,460	24,750
Redemption of common units	(23,066)	(17,287)
Net income	13,374	3,023
Accumulated other comprehensive income allocation	234	611
Fair value adjustment	107,925	45,618
Balance at end of period	<u>\$ 379,805</u>	<u>\$ 265,476</u>

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Preferred Units of Limited Partnership Interest in the Operating Partnership

The Operating Partnership has 1,902,000 4.5% Series G Preferred Units of limited partnership interest, or the Series G Preferred Units, 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.

The Operating Partnership has 80,000 6.0% Series H Preferred Units of limited partnership interest, or the Series H Preferred Units, with a mandatory liquidation preference of \$25.00 per unit, which were issued in November 2011 in conjunction with an acquisition. The Series H Preferred unitholders receive annual dividends of \$1.50 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series H Preferred Units can be redeemed at any time at par for cash at the Operating Partnership's option or the option of the unitholder.

The Operating Partnership has 60 Series F Preferred Units outstanding with a mandatory liquidation preference of \$1,000.00 per unit.

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 June 30, 2014, 95,587,301 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 six months ended June 30, 2014, we sold 25,659 shares of our common stock out of the remaining balance of this ATM Program for aggregate net proceeds of \$2.8 million. The net proceeds from this offering 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 a new ATM Program to sell an aggregate of \$300.0 million of SL Green's common stock. During the six months ended June 30, 2014, we sold 55,765 shares of our common stock for aggregate net proceeds of \$6.1 million. The net proceeds from this offering were contributed to the Operating Partnership in exchange for 55,765 units of limited partnership interest of the Operating Partnership. As of June 30, 2014, \$293.8 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. The proceeds from this issuance of Series I Preferred Stock were contributed to the Operating Partnership in exchange of 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 March 2012, the Company filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan, or DRIP, which automatically became effective upon filing. The Company registered 3,500,000 shares of SL Green's common stock under the DRIP. The DRIP commenced on September 24, 2001.

During the six months ended June 30, 2014, the Company issued 272 shares of SL Green's common stock and received approximately \$26,000 of proceeds, respectively, from dividend reinvestments and/or stock purchases under the DRIP. DRIP shares may be issued at a discount to the market price.

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Earnings per Share

SL Green's earnings per share for the three and six months ended June 30, 2014 and 2013 is computed as follows (in thousands):

Numerator	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Basic Earnings:				
Income attributable to SL Green common stockholders	\$ 235,541	\$ 8,276	\$ 381,631	\$ 27,185
Effect of Dilutive Securities:				
Redemption of units to common shares	8,645	244	13,374	799
Diluted Earnings:				
Income attributable to SL Green common stockholders	<u>\$ 244,186</u>	<u>\$ 8,520</u>	<u>\$ 395,005</u>	<u>\$ 27,984</u>
Denominator	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Basic Shares:				
Weighted average common stock outstanding	95,455	91,660	95,288	91,530
Effect of Dilutive Securities:				
Redemption of units to common shares	3,515	2,652	3,339	2,694
Stock-based compensation plans	514	224	501	228
Diluted weighted average common stock outstanding	<u>99,484</u>	<u>94,536</u>	<u>99,128</u>	<u>94,452</u>

SL Green has excluded 748,000, 797,000, 894,000 and 939,000 common stock equivalents from the diluted shares outstanding for the three and six months ended June 30, 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 June 30, 2014 owned 95,587,301 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 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.

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Limited Partner Units

As of June 30, 2014, limited partners other than SL Green owned 3.53%, or 3,500,060, 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 three and six months ended June 30, 2014 and 2013 is computed as follows (in thousands):

Numerator	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Basic and Diluted Earnings:				
Income attributable to SLGOP common unitholders	\$ 244,186	\$ 8,520	\$ 395,005	\$ 27,984
Denominator				
Denominator	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Basic units:				
Weighted average common units outstanding	98,970	94,312	98,627	94,224
Effect of Dilutive Securities:				
Stock-based compensation plans	514	224	501	228
Diluted weighted average common units outstanding	99,484	94,536	99,128	94,452

The Operating Partnership excluded 748,000, 797,000, 894,000 and 939,000 common unit equivalents from the diluted units outstanding for the three and six months ended June 30, 2014 and 2013, respectively, as they were anti-dilutive.

14. Share-based Compensation

We have a 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 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,

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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 June 30, 2014, 3,200,000 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, which remain subject to performance-based vesting.

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 six months ended June 30, 2014 and the year ended December 31, 2013.

	June 30, 2014	December 31, 2013
Dividend yield	1.80%	1.92%
Expected life of option	3.7 years	4.1 years
Risk-free interest rate	0.94%	0.96%
Expected stock price volatility	35.00%	36.12%

A summary of the status of the Company's stock options as of June 30, 2014 and December 31, 2013 and changes during the six months ended June 30, 2014 and the year ended December 31, 2013 are as follows:

	June 30, 2014		December 31, 2013	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Balance at beginning of year	1,765,034	\$ 83.24	1,201,000	\$ 75.05
Granted	3,000	98.58	828,100	87.23
Exercised	(277,145)	71.27	(223,531)	53.93
Lapsed or cancelled	(26,984)	83.81	(40,535)	83.94
Balance at end of period	<u>1,463,905</u>	<u>\$ 85.53</u>	<u>1,765,034</u>	<u>\$ 83.24</u>
Options exercisable at end of period	456,464	\$ 88.98	461,458	\$ 89.38
Weighted average fair value of options granted during the period	\$ 69,805		\$ 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 4.40 years and the remaining average contractual life of the options exercisable was 3.76 years.

During the three and six months ended June 30, 2014 and 2013, we recognized \$2.0 million, \$4.1 million, \$1.3 million and \$2.6 million of compensation expense, respectively, for these options. As of June 30, 2014, there was \$15.8 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 June 30, 2014 and December 31, 2013 and charges during the six months ended June 30, 2014 and the year ended December 31, 2013 are presented below:

	June 30, 2014	December 31, 2013
Balance at beginning of year	2,994,197	2,804,901
Granted	—	192,563
Cancelled	(1,434)	(3,267)
Balance at end of period	2,992,763	2,994,197
Vested during the period	69,293	21,074
Compensation expense recorded	\$ 4,678,269	\$ 6,713,155
Weighted average fair value of restricted stock granted during the period	\$ —	\$ 17,386,949

The fair value of restricted stock that vested during the six months ended June 30, 2014 and the year ended December 31, 2013 was \$5.1 million and \$1.6 million, respectively. As of June 30, 2014, there was \$14.2 million of total unrecognized compensation cost related to unvested restricted stock, which is expected to be recognized over a weighted average period of 2.3 years.

For the three and six months ended June 30, 2014 and 2013, \$1.9 million, \$3.5 million, \$1.0 million and \$2.0 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 \$21.2 million, and \$27.1 million as of June 30, 2014 and December 31, 2013, 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 June 30, 2014, there was \$6.7 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 1.1 years. During the three and six months ended June 30, 2014 and 2013, we recorded compensation expense related to bonus, time-based and performance based awards of \$2.1 million, \$10.3 million, \$0.8 million and \$1.6 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 approximately \$15.0 million up to approximately \$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, approximately \$25.0 million of awards could be earned at any time after the beginning of the second year and an additional approximately \$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, 366,815 LTIP Units, 385,583 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 is scheduled to vest 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 (approximately \$31.7 million, subject to forfeitures) will be amortized into earnings through the final vesting period. We recorded compensation expense of \$1.6 million, \$1.9 million, \$0.8 million and \$2.8 million during the three and six months ended June 30, 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 may 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 will be entitled to share in a "performance pool" comprised of LTIP Units with a value equal to 10% of the amount, if any, by which our total return to stockholders during the three-year period exceeds a cumulative total return to stockholders of 25%, subject to the maximum of \$85.0 million of LTIP Units; provided that if maximum performance has been achieved, approximately one-third of each award may be earned at any time after the beginning of the second year and an additional approximately one-third of each award may be earned at any time after the beginning of the third year. LTIP Units earned under the 2011 Outperformance Plan will be subject to continued vesting requirements, with 50% of any awards earned vesting on August 31, 2014 and the remaining 50% vesting on August 31, 2015, subject to continued employment with us through such dates. Participants will not be entitled to distributions with respect to LTIP Units granted under the 2011 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 additional LTIP Units. Thereafter, distributions will 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. The remaining one-third of each award will be earned based on performance through end of the performance period.

The cost of the 2011 Outperformance Plan (approximately \$27.0 million, subject to forfeitures) will be amortized into earnings through the final vesting period. We recorded compensation expense of \$4.3 million, \$6.1 million, \$1.7 million and \$4.5 million during the three and six months ended June 30, 2014 and 2013, respectively, related to the 2011 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 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 six months ended June 30, 2014, 5,974 phantom stock units were earned. As of June 30, 2014, there were 79,499 phantom stock units outstanding pursuant to our Non-Employee Director's Deferral Program.

Employee Stock Purchase Plan

On September 18, 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 June 30, 2014, 76,727 shares of SL Green's common stock had been issued under the ESPP.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
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15. Accumulated Other Comprehensive Loss of the Company

The following tables set forth the changes in accumulated other comprehensive income (loss) by component as of June 30, 2014:

	Net unrealized loss on derivative instruments (1)	SL Green's share of joint venture net unrealized income (loss) on derivative instruments (2)	Unrealized gains and loss on marketable securities	Total
Balance at December 31, 2013	\$ (15,125)	\$ (4,870)	\$ 4,784	\$ (15,211)
Other comprehensive income (loss) before reclassifications	(420)	4,068	1,702	5,350
Amounts reclassified from accumulated other comprehensive income	1,898	1,767	—	3,665
Balance at June 30, 2014	<u>\$ (13,647)</u>	<u>\$ 965</u>	<u>\$ 6,486</u>	<u>\$ (6,196)</u>

- (1) Amounts reclassified from accumulated other comprehensive income (loss) are included in interest expense in the respective consolidated statements of income. As of June 30, 2014 and December 31, 2013, the deferred net losses from these terminated hedges, which are included in accumulated other comprehensive loss relating to net unrealized loss on derivative instrument, were \$12.8 million and \$13.8 million, respectively.
- (2) Amounts reclassified from accumulated other comprehensive income are included in equity in net income from unconsolidated joint ventures in the respective consolidated statements of income.

16. Accumulated Other Comprehensive Loss of the Operating Partnership

The following tables set forth the changes in accumulated other comprehensive income (loss) by component as of June 30, 2014:

	Net unrealized loss on derivative instruments (1)	SLGOP's share of joint venture net unrealized income (loss) on derivative instruments (2)	Unrealized gains and loss on marketable securities	Total
Balance at December 31, 2013	\$ (15,573)	\$ (5,015)	\$ 4,926	\$ (15,662)
Other comprehensive (loss) income before reclassifications	(516)	4,184	1,788	5,456
Amounts reclassified from accumulated other comprehensive income	1,964	1,829	—	3,793
Balance at June 30, 2014	<u>\$ (14,125)</u>	<u>\$ 998</u>	<u>\$ 6,714</u>	<u>\$ (6,413)</u>

- (1) Amount reclassified from accumulated other comprehensive income (loss) are included in interest expense in the respective consolidated statements of income. As of June 30, 2014 and December 31, 2013, the deferred net losses from these terminated hedges, which are included in accumulated other comprehensive loss relating to net unrealized loss on derivative instrument, were \$13.2 million and \$14.2 million, respectively.
- (2) Amounts reclassified from accumulated other comprehensive income are included in equity in net income from unconsolidated joint ventures in the respective consolidated statements of income.

17. Fair Value Measurements

We are required to disclose the fair value information about our financial instruments, whether or not recognized in the consolidated balance sheets, for which it is practicable to estimate fair value. 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 consist 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

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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. The Company's 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 June 30, 2014 and December 31, 2013, respectively (in thousands):

	June 30, 2014			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities	\$ 39,912	\$ 4,532	\$ 35,380	\$ —
Liabilities:				
Interest rate swap agreements (included in accrued interest payable and other liabilities)	\$ 18,454	\$ —	\$ 18,454	\$ —
	December 31, 2013			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities	\$ 32,049	\$ 4,307	\$ 24,419	\$ 3,323
Liabilities:				
Interest rate swap agreements (included in accrued interest payable and other liabilities)	\$ 1,329	\$ —	\$ 1,329	\$ —

We determine impairment in real estate investments and debt and preferred equity investments, including intangibles utilizing cash flow projections that apply estimated revenue and expense growth rates, discount rates and capitalization rates, which are classified as Level 3 inputs.

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 investments, and 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 June 30, 2014 and December 31, 2013 (in thousands):

	June 30, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt and preferred equity investments	\$ 1,547,808	(1)	\$ 1,304,839	(1)
Fixed rate debt	\$ 6,096,280	\$ 6,533,273	\$ 5,599,960	\$ 5,886,980
Variable rate debt	2,261,352	2,279,257	1,319,948	1,327,422
	<u>\$ 8,357,632</u>	<u>\$ 8,812,530</u>	<u>\$ 6,919,908</u>	<u>\$ 7,214,402</u>

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- (1) Debt and preferred equity investments had an estimated fair value ranging between \$1.5 billion and \$1.7 billion at June 30, 2014. At December 31, 2013, debt and preferred equity investments had an estimated fair value ranging between \$1.3 billion and \$1.4 billion.

Disclosure about fair value of financial instruments was based on pertinent information available to us as of June 30, 2014 and December 31, 2013. 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.

18. 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 sheet 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 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 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 and fair value of our consolidated derivative financial instruments at June 30, 2014 based on Level 2 information pursuant to ASC 810-10. 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.

	Notional Value (in thousands)	Strike Rate	Effective Date	Expiration Date	Balance Sheet Location	Fair Value (in thousands)
Interest Rate Cap	\$ 263,426	6.000%	November 2013	November 2015	Other Assets	\$ 4
Interest Rate Cap	137,500	4.000%	October 2013	September 2015	Other Assets	3
Interest Rate Cap	946,000	4.750%	May 2014	May 2016	Other Assets	36
Interest Rate Swap ⁽¹⁾	144,000	2.236%	December 2012	December 2017	Other Liabilities	(5,859)
Interest Rate Swap ⁽¹⁾	72,000	2.310%	December 2012	December 2017	Other Liabilities	(3,109)
Interest Rate Swap ⁽¹⁾	72,000	2.310%	December 2012	December 2017	Other Liabilities	(3,109)
Interest Rate Swap ⁽¹⁾	57,600	1.990%	December 2012	December 2017	Other Liabilities	(1,859)
Interest Rate Swap ⁽¹⁾	86,400	1.948%	December 2012	December 2017	Other Liabilities	(2,664)
Interest Rate Swap ⁽¹⁾	72,000	1.345%	December 2012	December 2017	Other Liabilities	(747)
Interest Rate Swap	30,000	2.295%	July 2010	June 2016	Other Liabilities	(1,078)
Interest Rate Swap	8,500	0.740%	February 2012	February 2015	Other Liabilities	(29)
						<u>\$ (18,411)</u>

- (1) As a result of the acquisition and consolidation of 388-390 Greenwich Street, we have assumed these derivative instruments and have designated them as hedges.

Gains and losses on terminated hedges are included in the 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 approximately \$7.1 million of the current balance held in accumulated other comprehensive loss will be reclassified into interest expense and \$0.8 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 income for the three months ended June 30, 2014 and 2013, respectively (in thousands):

Derivative	Amount of Gain or (Loss) Recognized in Other Comprehensive Loss (Effective Portion)		Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income	Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain Recognized into Income (Ineffective Portion)	
	Three Months Ended June 30,			Three Months Ended June 30,			Three Months Ended June 30,	
	2014	2013		2014	2013		2014	2013
Interest Rate Swaps/Caps	\$ (465)	\$ 181	Interest expense	\$ 1,272	\$ 470	Interest expense	\$ 1	\$ —
Share of unconsolidated joint ventures' derivative instruments	5,930	7,888	Equity in net income from unconsolidated joint ventures	556	1,260	Equity in net income from unconsolidated joint ventures	—	5
	<u>\$ 5,465</u>	<u>\$ 8,069</u>		<u>\$ 1,828</u>	<u>\$ 1,730</u>		<u>\$ 1</u>	<u>\$ 5</u>

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 income for the six months ended June 30, 2014 and 2013, respectively (in thousands):

Derivative	Amount of Gain or (Loss) Recognized in Other Comprehensive Loss (Effective Portion)		Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income	Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain Recognized into Income (Ineffective Portion)	
	Six Months Ended June 30,			Six Months Ended June 30,			Six Months Ended June 30,	
	2014	2013		2014	2013		2014	2013
Interest Rate Swaps/Caps	\$ (516)	\$ 140	Interest expense	\$ 1,964	\$ 938	Interest expense	\$ 2	\$ —
Share of unconsolidated joint ventures' derivative instruments	4,184	8,109	Equity in net income from unconsolidated joint ventures	1,829	2,500	Equity in net income from unconsolidated joint ventures	—	5
	<u>\$ 3,668</u>	<u>\$ 8,249</u>		<u>\$ 3,793</u>	<u>\$ 3,438</u>		<u>\$ 2</u>	<u>\$ 5</u>

19. Commitments and Contingencies

Legal Proceedings

We and the Operating Partnership are not presently involved in any material litigation nor, to our knowledge, is any material litigation threatened against us or our properties, other than routine litigation arising in the ordinary course of business. Management believes the costs, if any, incurred by us related to this litigation will not materially affect our financial position, operating results or liquidity.

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.

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Capital and Ground Leases Arrangements

The following is a schedule of future minimum lease payments under capital leases and noncancellable operating leases with initial terms in excess of one year as of June 30, 2014 (in thousands):

	Capital lease	Non-cancellable operating leases
Remaining 2014	\$ 73	\$ 15,351
2015	145	30,703
2016	170	30,824
2017	291	31,057
2018	291	31,057
Thereafter	56,884	766,187
Total minimum lease payments	57,854	\$ 905,179
Less amount representing interest	(37,219)	
Capitalized lease obligations	\$ 20,635	

20. Segment Information

The Company is a REIT engaged in all aspects of property ownership and management including investment, leasing, operations, capital improvements, development, 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.

Our real estate portfolio is primarily located in the geographical markets of the New York Metropolitan area. The primary sources of revenue are generated from tenant rents, 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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Notes to Consolidated Financial Statements (cont.)
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Selected results of operations for the three and six months ended June 30, 2014 and 2013, and selected asset information as of June 30, 2014 and December 31, 2013, regarding our operating segments are as follows (in thousands):

	Real Estate Segment	Debt and Preferred Equity Segment	Total Company
Total revenues			
Three months ended:			
June 30, 2014	\$ 347,513	\$ 39,714	\$ 387,227
June 30, 2013	307,213	46,731	353,944
Six months ended:			
June 30, 2014	\$ 668,998	\$ 93,798	\$ 762,796
June 30, 2013	608,126	99,439	707,565
Income (loss) from continuing operations before equity in net gain on sale of interest in unconsolidated joint venture/real estate			
Three months ended:			
June 30, 2014	\$ 24,318	\$ 34,000	\$ 58,318
June 30, 2013	(4,742)	38,040	33,298
Six months ended:			
June 30, 2014	\$ 26,918	\$ 79,582	\$ 106,500
June 30, 2013	(23,548)	81,389	57,841
Total assets			
As of:			
June 30, 2014	\$ 15,155,384	\$ 1,562,352	\$ 16,717,736
December 31, 2013	13,641,727	1,317,274	14,959,001

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 100% leverage at our MRA facility and 2012 credit facility 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 \$23.9 million, \$47.1 million, \$21.5 million and \$42.6 million for the three and six months ended June 30, 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.

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The table below reconciles income from continuing operations to net income for the three and six months ended June 30, 2014 and 2013 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Income from continuing operations before purchase price fair value adjustment and equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate	\$ 58,318	\$ 33,298	\$ 106,500	\$ 57,841
Purchase price fair value adjustment	71,446	(2,305)	71,446	(2,305)
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate	1,444	(3,583)	106,084	(3,583)
Income from continuing operations	131,208	27,410	284,030	51,953
Net income from discontinued operations	4,389	3,838	8,178	8,519
Gain on sale of discontinued operations	114,735	—	114,735	1,113
Net income	\$ 250,332	\$ 31,248	\$ 406,943	\$ 61,585

ITEM 2. 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, financing, development, 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 Operating Partnership.

The following discussion related to our consolidated financial statements should be read in conjunction with the financial statements appearing in this Quarterly Report on Form 10-Q and in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2013.

As of June 30, 2014, 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 Northern New Jersey, which are collectively known as the Suburban properties:

Location	Type	Consolidated		Unconsolidated		Total		Weighted Average Occupancy ⁽¹⁾
		Number of Properties	Square Feet	Number of Properties	Square Feet	Number of Properties	Square Feet	
Commercial:								
Manhattan	Office	23	18,429,045	7	3,476,115	30	21,905,160	94.4%
	Retail	7 ⁽²⁾	389,317	8	432,250	15	821,567	93.2%
	Development/Redevelopment	11	2,063,790	4	1,605,782	15	3,669,572	44.2%
	Fee Interest	2	961,400	—	—	2	961,400	100.0%
		43	21,843,552	19	5,514,147	62	27,357,699	87.8%
Suburban	Office	27	4,365,400	4	1,222,100	31	5,587,500	81.7%
	Retail	1	52,000	—	—	1	52,000	100.0%
	Development/Redevelopment	1	85,000	1	65,641	2	150,641	42.7%
		29	4,502,400	5	1,287,741	34	5,790,141	80.9%
Total commercial properties		72	26,345,952	24	6,801,888	96	33,147,840	86.6%
Residential:								
Manhattan	Residential	2 ⁽²⁾	653,337	—	—	2	653,337	93.2%
Suburban	Residential	1	66,611	—	—	1	66,611	84.4%
Total residential properties		3	719,948	—	—	3	719,948	91.9%
Total portfolio		75	27,065,900	24	6,801,888	99	33,867,788	86.7%

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

(2) As of June 30, 2014, we owned a building that was comprised of 270,132 square feet of retail space and 222,855 square feet of residential space. For the purpose of this report, we have included the building as part of retail properties and have shown the square footage under its respective classifications.

As of June 30, 2014, we also managed a 336,200 square foot office building owned by a third party. As of June 30, 2014, we also held debt and preferred equity investments with a book value of \$1.5 billion.

Critical Accounting Policies

Refer to the 2013 Annual Report on Form 10-K of the Company and the Operating Partnership for a discussion of our critical accounting policies, which include investment in commercial real estate properties, investment in unconsolidated joint ventures,

revenue recognition, allowance for doubtful accounts, reserve for possible credit losses and derivative instruments. There have been no changes to these accounting policies during the six months ended June 30, 2014.

Results of Operations

Comparison of the three months ended June 30, 2014 to the three months ended June 30, 2013

The following comparison for the three months ended June 30, 2014, or 2014, to the three months ended June 30, 2013, or 2013, makes reference to the following: (i) the effect of the “Same-Store Properties,” which represents all operating properties owned by us in the same manner at January 1, 2013 and at June 30, 2014 and totaled 58 of our 75 consolidated properties, representing 80.6% of our share of annualized cash rent, (ii) the effect of the “Acquisitions,” 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 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			
	2014	2013	\$ Change	% Change	2014	2013	2014	2013	2014	2013	\$ Change	% Change
Rental revenue	\$ 248.5	\$ 243.5	\$ 5.0	2.1 %	\$ 36.5	\$ 20.0	\$ 0.2	\$ (0.7)	\$ 285.2	\$ 262.8	\$ 22.4	8.5 %
Escalation and reimbursement	35.8	34.0	1.8	5.3 %	3.3	4.5	0.4	0.2	39.5	38.7	0.8	2.1 %
Investment income	—	—	—	— %	—	—	39.7	46.7	39.7	46.7	(7.0)	(15.0)%
Other income	0.8	1.2	(0.4)	(33.3)%	0.2	0.1	21.8	4.4	22.8	5.7	17.1	300.0 %
Total revenues	285.1	278.7	6.4	2.3 %	40.0	24.6	62.1	50.6	387.2	353.9	33.3	9.4 %
Property operating expenses	116.6	112.9	3.7	3.3 %	11.7	12.2	3.6	3.1	131.9	128.2	3.7	2.9 %
Transaction related costs, net of recoveries	—	—	—	— %	0.5	0.2	1.2	1.5	1.7	1.7	—	— %
Marketing, general and administrative	—	—	—	— %	—	—	23.9	21.5	23.9	21.5	2.4	11.2 %
Total expenses	116.6	112.9	3.7	3.3 %	12.2	12.4	28.7	26.1	157.5	151.4	6.1	4.0 %
Net operating income	\$ 168.5	\$ 165.8	\$ 2.7	1.6 %	\$ 27.8	\$ 12.2	\$ 33.4	\$ 24.5	229.7	202.5	27.2	13.4 %
Other income (expenses):												
Interest expense, net of interest income									(84.1)	(83.8)	(0.3)	0.4 %
Depreciation and amortization									(94.8)	(81.6)	(13.2)	16.2 %
Equity in net income (loss) from unconsolidated joint ventures									8.6	(3.8)	12.4	326.3 %
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate									1.4	(3.6)	5.0	138.9 %
Purchase price fair value adjustment									71.4	(2.3)	73.7	3,204.3 %
Loss on early extinguishment of debt									(1.0)	—	(1.0)	100.0 %
Income from continuing operation									131.2	27.4	103.8	378.8 %
Net income from discontinued operations									4.4	3.8	0.6	15.8 %
Gain on sale of discontinued operations									114.7	—	114.7	100.0 %
Net income									\$ 250.3	\$ 31.2	\$ 219.1	702.2 %

Rental, Escalation and Reimbursement Revenues

Occupancy for our Same-Store consolidated office properties increased to 90.9% at June 30, 2014 as compared to 90.5% at June 30, 2013. Occupancy for our Same-Store Manhattan consolidated office portfolio increased to 94.1% at June 30, 2014 as compared to 93.8% at June 30, 2013. Occupancy for our Suburban consolidated office portfolio increased to 79.6% at June 30, 2014 as compared to 77.9% at June 30, 2013.

Rental revenues depend on our ability to maintain the occupancy rates of currently leased space and to lease currently available space and space available from unscheduled lease terminations.

The following table presents a summary of the leasing activity for the three months ended June 30, 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 period	1,363,729						
Sold vacancies	(3,653)						
Properties in redevelopment:	(61,123)						
Space which became available during the period(3)							
• Office	157,512						
• Retail	—						
• Storage	279						
	<u>157,791</u>						
Total space available	1,456,744						
Space leased during the period:							
• Office(4)	221,908	258,307	\$ 50.49	\$ 54.26	\$ 78.82	7.0	14.9
• Retail	298	392	\$ 91.84	\$ 122.13	\$ 21.31	4.0	10.3
• Storage	47	97	\$ 25.00	\$ 28.26	\$ 4.94	—	5.1
Total space leased	<u>222,253</u>	<u>258,796</u>	\$ 50.55	\$ 54.42	\$ 78.70	5.7	14.9
Total available space at end of the period	<u><u>1,234,491</u></u>						
Early renewals							
• Office	55,992	56,631	\$ 62.04	\$ 52.93	\$ 14.70	1.2	5.7
• Retail	11,517	11,673	\$ 84.48	\$ 53.86	\$ 29.14	0.40	12.4
• Storage	—	—	\$ —	\$ —	\$ —	—	—
Total early renewals	<u>67,509</u>	<u>68,304</u>	\$ 65.87	\$ 53.09	\$ 17.16	1.0	6.8
Total commenced leases, including replaced previous vacancy							
• Office		314,938	\$ 52.57	\$ 53.90	\$ 67.29	6.0	13.2
• Retail		12,065	\$ 84.72	\$ 56.08	\$ 28.88	0.5	12.3
• Storage		97	\$ 25.00	\$ 28.26	\$ 4.94	—	5.1
Total commenced leases		<u>327,100</u>	\$ 53.75	\$ 54.01	\$ 65.85	5.7	13.2

	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	1,151,477						
Space which became available during the period(3)							
• Office	41,572						
• Retail	700						
• Storage	300						
	<u>42,572</u>						
Total space available	1,194,049						
Space leased during the year:							
• Office(5)	57,665	59,066	\$ 30.85	\$ 33.55	\$ 37.77	3.7	7.0
• Retail	—	—	\$ —	\$ —	\$ —	—	—
• Storage	100	115	\$ 15.00	\$ 13.04	\$ —	—	3.0
Total space leased	<u>57,765</u>	<u>59,181</u>	<u>\$ 30.82</u>	<u>\$ 33.46</u>	<u>\$ 37.70</u>	<u>3.7</u>	<u>7.0</u>
Total available space at end of the period							
	<u>1,136,284</u>						
Early renewals							
• Office	11,656	12,361	\$ 33.85	\$ 33.20	\$ 6.72	1.8	4.3
• Retail	—	—	\$ —	\$ —	\$ —	—	—
• Storage	—	—	\$ —	\$ —	\$ —	—	—
Total early renewals	<u>11,656</u>	<u>12,361</u>	<u>\$ 33.85</u>	<u>\$ 33.20</u>	<u>\$ 6.72</u>	<u>1.8</u>	<u>4.3</u>
Total commenced leases, including replaced previous vacancy							
• Office		71,427	\$ 31.37	\$ 33.44	\$ 32.40	3.4	6.6
• Retail		—	\$ —	\$ —	\$ —	—	—
• Storage		115	\$ 15.00	\$ 13.04	\$ —	—	3.0
Total commenced leases		<u>71,542</u>	<u>\$ 31.35</u>	<u>\$ 33.38</u>	<u>\$ 32.34</u>	<u>3.4</u>	<u>6.5</u>

(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.

(4) Average starting office rent excluding new tenants replacing vacancies was \$51.24 per rentable square feet for 151,354 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was \$54.18 per rentable square feet for 207,985 rentable square feet.

(5) Average starting office rent excluding new tenants replacing vacancies was \$34.01 per rentable square feet for 26,201 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was \$33.96 per rentable square feet for 38,562 rentable square feet.

At June 30, 2014, 1.7% and 5.9% of the space leased at our consolidated Manhattan and Suburban operating properties, respectively, is expected to expire during the remainder of 2014. Based on our estimates, the current market asking rents on these expected 2014 lease expirations at our consolidated Manhattan operating properties would be approximately 64.1% higher than the existing in-place fully escalated rents while the current market asking rents on all our consolidated Manhattan operating properties were approximately 19.2% higher than the existing in-place fully escalated rents on leases that are scheduled to expire in all future years. Based on our estimates, the current market asking rents on these expected 2014 lease expirations at our consolidated Suburban operating properties would be approximately 2.0% lower than the existing in-place fully escalated rents while the current market asking rents on all our consolidated Suburban operating properties were approximately 3.8% higher than the existing in-place fully escalated rents on leases that are scheduled to expire in all future years.

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

Rental revenues increased primarily as a result of the consolidation of 388-390 Greenwich Street (\$14.9 million), properties acquired in 2013 (\$8.8 million) and an overall increase in occupancy at the Same-Store Properties (\$5.0 million). This increase was partially offset by lower revenues from development properties (\$7.6 million).

Escalation and reimbursement revenue increased primarily as a result of the higher recoveries at the Same Store Properties (\$1.8 million) and properties acquired in 2013 (\$1.2 million). The increase in escalation and reimbursement revenue at the Same-Store Properties was primarily a result of higher operating expense escalations (\$1.5 million) and real estate tax recoveries (\$0.6 million).

Investment Income

Investment income increased primarily as a result of a higher investment balance in 2014, partially offset by the repayment of one of our debt investments in 2013, in which we recognized additional income of \$6.4 million. The weighted average debt and preferred equity investment balance outstanding and weighted average yield were \$1.4 billion and 10.6%, respectively, for the three months ended June 30, 2014 compared to \$1.3 billion and 11.0% during the three months ended June 30, 2013. As of June 30, 2014, our debt and preferred equity investments had a weighted average term to maturity of 1.8 years.

Other Income

Other income increased primarily as a result of a promote income earned in connection with the sale of our joint venture interest in 747 Madison Avenue (\$10.3 million), a one-time fee earned in connection with the restructuring of one of our debt investments (\$5.7 million) and higher contribution from Service Corporation (\$2.3 million).

Property Operating Expenses

Property operating expenses increased primarily as a result of the properties acquired in 2013 (\$4.1 million) and higher operating expenses at the Same Store Properties (\$3.7 million), partially offset by lower operating expenses from development properties (\$4.6 million). The increase in property operating expenses at the Same-Store Properties was due mainly to higher real estate taxes (\$1.4 million), utility costs (\$1.0 million) and payroll costs (\$0.9 million).

Marketing, General and Administrative Expenses

Marketing, general and administrative expenses for the three months ended June 30, 2014 were \$23.9 million, or 5.4% of total revenues including our share of joint venture revenues and an annualized 50 basis points of total assets including our share of joint venture assets compared to \$21.5 million, or 5.1% of total revenues including our share of joint venture revenues and an annualized 50 basis points of total assets including our share of joint venture assets for the three months ended June 30, 2013.

Interest Expense, Net of Interest Income

Interest expense, net of interest income, increased primarily as a result of the new mortgage at 388-390 Greenwich Street (\$5.6 million) and an increased borrowing on the 2012 credit facility (\$1.1 million). This increase was partially offset by the the capitalization of interest relating to properties under development (\$3.8 million) and the refinancing of 220 East 42nd Street at a lower rate in 2013 (\$1.1 million). The weighted average debt balance outstanding increased from \$6.8 billion during the three months ended June 30, 2013 to \$7.8 billion during the three months ended June 30, 2014. The weighted average interest rate decreased from 4.91% for the three months ended June 30, 2013 to 4.38% for the three months ended June 30, 2014.

Depreciation and Amortization

Depreciation and amortization increased mainly as a result of the properties acquired in 2013 (\$5.9 million), the write-off of certain tenant improvements and value for in-place leases associated with a former tenant (\$3.4 million), and the consolidation of 388-390 Greenwich (\$3.3 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 the second quarter of 2013 from the West Coast Office portfolio (\$5.3 million), which interests were sold in March 2014, a debt and preferred equity investment that was originated in the first quarter of 2014 (\$2.6 million) which we have accounted for as a real estate investment rather than a debt and preferred equity investment, increased occupancy at 280 Broadway (\$1.8 million) and 3 Columbus Circle (\$1.1 million) and the refinancing of 100 Park Avenue at a lower rate (\$0.9 million). This increase was partially offset by lower net income contributions from 388-390 Greenwich (\$3.3 million) as a result of our acquisition of the joint venture partner's interest. Occupancy at our unconsolidated Manhattan office properties was 91.4% and 87.4% at June 30, 2014 and 2013, respectively. Occupancy at our unconsolidated Suburban office properties was 89.3% and 84.3% at June 30, 2014 and 2013, respectively. At June 30, 2014, 2.9% and 18.9% of the space leased at our Manhattan and Suburban joint venture office properties, respectively, were expected to expire during the remainder of 2014. We estimate that current market asking rents on these expected 2014 lease expirations at our Manhattan and Suburban joint venture properties are approximately 47.5% higher and 4.9% lower, respectively, than then existing in-place fully escalated rents.

Equity in Net Gain on Sale of Interest in Unconsolidated Joint Ventures/Real Estate

During the three months ended June 30, 2014, we recognized a gain on sale associated with the sale of condominium units at 248 Bedford Avenue, Brooklyn (\$1.4 million). During the three months ended June 30, 2013, we recognized additional post closing costs related to the sale of 521 Fifth Avenue (\$1.9 million), partially offset by the sale of two properties included in the West Coast portfolio (\$1.5 million).

Purchase price fair value adjustment

Purchase price fair value adjustment for the three months ended June 30, 2014 and 2013 was attributable to the acquisition of our joint venture partner interest in 388-390 Greenwich Street and 16 Court Street, Brooklyn, respectively.

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt for the three months ended June 30, 2014 was attributable to the refinancing of the previous mortgage at 248-252 Bedford Avenue (\$0.5 million) and the early repayment of the mortgage at 16 Court Street, Brooklyn (\$0.5 million).

Discontinued Operations

Discontinued operations for the three months ended June 30, 2014 includes the gain recognized on the sale of 673 First Avenue (\$117.8 million) and the results of operations of 673 First Avenue, which was sold in April 2014, and 2 Herald Square and 985-987 Third Avenue, which were held for sale at June 30, 2014. Discontinued operations for the three months ended June 30, 2013 includes the results of operations for 673 First Avenue, 2 Herald Square, 985-987 Third Avenue, and 333 West 34th Street and 300 Main Street, which were sold in August and September 2013, respectively.

Comparison of the six months ended June 30, 2014 to the six months ended June 30, 2013

The following comparison for the six months ended June 30, 2014, or 2014, to the six months ended June 30, 2013, or 2013, makes reference to the following: (i) the effect of the "Same-Store Properties," which represents all operating properties owned by us in the same manner at January 1, 2013 and at June 30, 2014 and totaled 58 of our 75 consolidated properties, representing 80.6% of our share of annualized cash rent, (ii) the effect of the "Acquisitions," 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 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			
	2014	2013	\$ Change	% Change	2014	2013	2014	2013	2014	2013	\$ Change	% Change
Rental revenue	\$ 487.5	\$ 483.0	\$ 4.5	0.9 %	\$ 64.2	\$ 38.0	\$ 0.1	\$ (2.4)	\$ 551.8	\$ 518.6	\$ 33.2	6.4 %
Escalation and reimbursement	70.9	69.7	1.2	1.7 %	8.6	8.6	0.4	0.3	79.9	78.6	1.3	1.7 %
Investment income	—	—	—	— %	—	—	93.8	99.4	93.8	99.4	(5.6)	(5.6)%
Other income	2.0	3.4	(1.4)	(41.2)%	0.2	0.3	35.1	7.3	37.3	11.0	26.3	239.1 %
Total revenues	560.4	556.1	4.3	0.8 %	73.0	46.9	129.4	104.6	762.8	707.6	55.2	7.8 %
Property operating expenses	235.2	231.1	4.1	1.8 %	28.1	23.8	5.5	5.1	268.8	260.0	8.8	3.4 %
Transaction related costs, net of recoveries	—	—	—	— %	1.7	0.6	2.5	2.5	4.2	3.1	1.1	35.5 %
Marketing, general and administrative	—	—	—	— %	—	—	47.1	42.6	47.1	42.6	4.5	10.6 %
Total expenses	235.2	231.1	4.1	1.8 %	29.8	24.4	55.1	50.2	320.1	305.7	14.4	4.7 %
Net operating income	\$ 325.2	\$ 325.0	\$ 0.2	0.1 %	\$ 43.2	\$ 22.5	\$ 74.3	\$ 54.4	442.7	401.9	40.8	10.2 %
Other income (expenses):												
Interest expense, net of interest income									(165.7)	(166.5)	0.8	(0.5)%
Depreciation and amortization									(184.2)	(160.2)	(24.0)	15.0 %
Equity in net income from unconsolidated joint ventures									14.7	1.3	13.4	1,030.8 %
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate									106.1	(3.6)	109.7	3,047.2 %
Purchase price fair value adjustment									71.4	(2.3)	73.7	3,204.3 %
Loss on sale of investment in marketable securities									—	(0.1)	0.1	(100.0)%
Loss on early extinguishment of debt									(1.0)	(18.5)	17.5	(94.6)%
Income from continuing operation									284.0	52.0	232.0	446.2 %
Net income from discontinued operations									8.2	8.5	(0.3)	(3.5)%
Gain on sale of discontinued operations									114.7	1.1	113.6	10,327.3 %
Net income									\$ 406.9	\$ 61.6	\$ 345.3	560.6 %

Rental, Escalation and Reimbursement Revenues

Occupancy in the Same-Store consolidated office properties increased to 90.9% at June 30, 2014 as compared to 90.5% at June 30, 2013. Occupancy for our Same-Store Manhattan consolidated office portfolio increased to 94.1% at June 30, 2014 as compared to 93.8% at June 30, 2013. Occupancy for our Suburban consolidated office portfolio increased to 79.6% at June 30, 2014 as compared to 77.9% at June 30, 2013.

Rental revenues depend on our ability to maintain the occupancy rates of currently leased space and to lease currently available space and space available from unscheduled lease terminations.

The following table presents a summary of the leasing activity for the six months ended June 30, 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 period	1,155,271						
Sold vacancies	(3,653)						
Properties under redevelopment	(61,123)						
Properties out of redevelopment	155,684						
Space which became available during the period(3)							
• Office	531,511						
• Retail	5,700						
• Storage	1,369						
	<u>538,580</u>						
Total space available	1,784,759						
Space leased during the period:							
• Office(4)	531,671	596,472	\$ 55.78	\$ 54.62	\$ 60.67	4.6	9.8
• Retail	18,550	18,819	\$ 87.70	\$ 66.81	\$ 44.10	4.9	15.0
• Storage	47	97	\$ 25.00	\$ 28.26	\$ 4.94	—	5.1
Total space leased	<u>550,268</u>	<u>615,388</u>	\$ 56.75	\$ 54.81	\$ 60.16	4.6	10.0
Total available space at end of the period	<u>1,234,491</u>						
Early renewals							
• Office	193,970	211,111	\$ 63.18	\$ 53.08	\$ 13.28	1.4	5.0
• Retail	11,517	11,673	\$ 84.48	\$ 53.86	\$ 29.14	0.40	12.4
• Storage	1,569	1,539	\$ 31.78	\$ 26.61	\$ 0.99	—	4.6
Total early renewals	<u>207,056</u>	<u>224,323</u>	\$ 64.07	\$ 52.94	\$ 14.02	1.3	5.4
Total commenced leases, including replaced previous vacancy							
• Office		807,583	\$ 57.71	\$ 54.06	\$ 48.28	3.7	8.6
• Retail		30,492	\$ 86.47	\$ 58.24	\$ 38.37	3.2	14.0
• Storage		1,636	\$ 31.37	\$ 26.71	\$ 1.22	—	4.6
Total commenced leases		<u>839,711</u>	\$ 58.71	\$ 54.11	\$ 47.83	3.7	8.8

	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						
Property out of redevelopment	112,921						
Space which became available during the period(3)							
• Office	133,601						
• Retail	1,385						
• Storage	650						
	<u>135,636</u>						
Total space available	1,318,405						
Space leased during the year:							
• Office(5)	181,871	188,812	\$ 30.18	\$ 30.78	\$ 32.00	3.7	7.2
• Retail	—	—	\$ —	\$ —	\$ —	—	—
• Storage	250	265	\$ 14.66	\$ 13.09	\$ —	—	4.4
Total space leased	<u>182,121</u>	<u>189,077</u>	\$ 30.15	\$ 30.73	\$ 31.96	3.7	7.2
Total available space at end of the period	<u>1,136,284</u>						
Early renewals							
• Office	32,717	35,814	\$ 33.42	\$ 31.90	\$ 12.15	2.2	5.8
• Retail	—	—	\$ —	\$ —	\$ —	—	—
• Storage	—	—	\$ —	\$ —	\$ —	—	—
Total early renewals	<u>32,717</u>	<u>35,814</u>	\$ 33.42	\$ 31.90	\$ 12.15	2.20	5.8
Total commenced leases, including replaced previous vacancy							
• Office		224,626	\$ 30.69	\$ 31.09	\$ 28.84	3.4	7.0
• Retail		—	\$ —	\$ —	\$ —	—	—
• Storage		265	\$ 14.66	\$ 13.09	\$ —	—	4.4
Total commenced leases		<u>224,891</u>	\$ 30.67	\$ 31.05	\$ 28.80	3.4	7.0

(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.

(4) Average starting office rent excluding new tenants replacing vacancies was \$55.00 per rentable square feet for 365,338 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was \$58.00 per rentable square feet for 576,449 rentable square feet.

(5) Average starting office rent excluding new tenants replacing vacancies was \$31.16 per rentable square feet for 94,388 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was \$31.78 per rentable square feet for 130,302 rentable square feet.

At June 30, 2014, 1.7% and 5.9% of the space leased at our consolidated Manhattan and Suburban operating properties, respectively, is expected to expire during the remainder of 2014. Based on our estimates, the current market asking rents on these expected 2014 lease expirations at our consolidated Manhattan operating properties would be approximately 64.1% higher than the existing in-place fully escalated rents while the current market asking rents on all our consolidated Manhattan operating properties were approximately 19.2% higher than the existing in-place fully escalated rents on leases that are scheduled to expire in all future years. Based on our estimates, the current market asking rents on these expected 2014 lease expirations at our consolidated Suburban operating properties would be approximately 2.0% lower than the existing in-place fully escalated rents while the current market asking rents on all our consolidated Suburban operating properties were approximately 3.8% higher than the existing in-place fully escalated rents on leases that are scheduled to expire in all future years.

In May 2014, we acquired our joint partner's interest in 388-390 Greenwich Street thereby assuming full ownership of this triple net lease property. Prior to May 2014, we had accounted for our investment in 388-390 Greenwich Street under the equity

method of accounting. As a result of this acquisition, we have consolidated the results of operations of this property beginning in May 2014.

Rental revenues increased primarily as a result of the properties acquired in 2013 (\$19.2 million), the consolidation of 388-390 Greenwich Street (\$14.8 million) and an overall increase in occupancy at the Same Store Properties (\$4.5 million).

Escalation and reimbursement revenue increased primarily as a result of the properties acquired in 2013 (\$2.7 million) and higher recoveries at the Same Store Properties (\$1.2 million), partially offset by lower recoveries from development properties (\$2.5 million). The increase in escalation and reimbursement revenue at the Same-Store Properties was primarily a result of higher real estate tax recoveries (\$1.5 million) and operating expense escalations (\$1.1 million), partially offset by lower electric reimbursements (\$1.4 million).

Investment Income

Investment income decreased primarily as a result of the sale of 50% of our interest in one of our debt investments in 2013 (\$12.9 million) and the repayment of one of our debt investments, in which we recognized additional income in 2013 (\$6.4 million), partially offset by a higher investment balance in 2014 and additional income recognized on a mezzanine investment for which the underlying property was sold in June 2014 (\$10.1 million). The weighted average debt and preferred equity investment balance outstanding and weighted average yield were \$1.4 billion and 10.7%, respectively, for the six months ended June 30, 2014 compared to \$1.2 billion and 10.4%, respectively, for the six months ended June 30, 2013. As of June 30, 2014, our debt and preferred equity investments had a weighted average term to maturity of 1.8 years.

Other Income

Other income increased primarily as a result of a promote income earned in connection with the sale of our joint venture interest in 747 Madison Avenue (\$10.3 million), incentive income received from a joint venture investment (\$7.7 million), a one-time fee earned in connection with the restructuring of one of our debt investments (\$5.7 million) and a higher contribution from Service Corporation (\$6.2 million).

Property Operating Expenses

Property operating expenses increased primarily as a result of higher operating expenses for the properties acquired in 2013 (\$9.8 million) and at the Same Store Properties (\$4.1 million), partially offset by lower operating expenses from development properties (\$5.3 million). The increase in property operating expenses at the Same-Store Properties was due mainly to higher real estate taxes (\$2.1 million) and payroll costs (\$1.7 million).

Transaction Related Costs

Transaction related costs increased primarily as a result of a higher volume of investment activity during the six months ended June 30, 2014.

Marketing, General and Administrative Expenses

Marketing, general and administrative expenses for the six months ended June 30, 2014 were \$47.1 million, or 5.3% of total revenues including our share of joint venture revenues and an annualized 50 basis points of total assets including our share of joint venture assets compared to \$42.6 million, or 5.1% of total revenues including our share of joint venture revenues and an annualized 50 basis points of total assets including our share of joint venture assets for the six months ended June 30, 2013.

Interest Expense, Net of Interest Income

Interest expense, net of interest income, decreased primarily as a result of the capitalization of interest relating to properties under development (\$5.4 million), the refinancing of 220 East 42nd Street at a lower rate (\$2.0 million) and decreased borrowing on the MRA facility (\$1.6 million), partially offset by a new mortgage at 388-390 Greenwich Street (\$5.6 million) and an increased borrowing on the 2012 credit facility (\$2.0 million). The weighted average debt balance outstanding increased from \$6.8 billion during the six months ended June 30, 2013 to \$7.5 billion during the six months ended June 30, 2014. The weighted average interest rate decreased from 4.90% for the six months ended June 30, 2013 to 4.49% for the six months ended June 30, 2014.

Depreciation and Amortization

Depreciation and amortization increased mainly as a result of the properties acquired in 2013 (\$13.5 million), the write-off of certain tenant improvements and value for in-place leases associated with a former tenant (\$3.4 million) and the consolidation of 388-390 Greenwich Street (\$3.3 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 the second quarter of 2013 from the West Coast Office portfolio (\$8.1 million), which interests were sold in March 2014, a debt and preferred equity investment that was originated in the first quarter of 2014 (\$2.6 million) which we have accounted for as a real estate

investment rather than a debt and preferred equity investment, an early renewal of a retail tenant, net of the effect of a refinancing at 724 Fifth Avenue (\$1.4 million), and the commencement of leases following the completion of the redevelopment project in June 2013 at 180 Broadway (\$1.2 million). This increase was partially offset by lower net income from 388-390 Greenwich (\$3.1 million) as a result of our acquisition of the joint venture partner's interest and the loss on extinguishment of debt partially offset by a lower interest rate associated with the refinancing of debt at 100 Park Avenue (\$1.1 million). Occupancy at our unconsolidated Manhattan office properties was 91.4% and 87.4% at June 30, 2014 and 2013, respectively. Occupancy at our unconsolidated Suburban office properties was 89.3% and 84.3% at June 30, 2014 and 2013, respectively. At June 30, 2014, 2.9% and 18.9% of the space leased at our Manhattan and Suburban joint venture office properties, respectively, were expected to expire during the remainder of 2014. We estimate that current market asking rents on these expected 2014 lease expirations at our Manhattan and Suburban joint venture properties are approximately 47.5% higher and 4.9% lower, respectively, than then existing in-place fully escalated rents.

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

During the six months ended June 30, 2014, we recognized gains on the sale of two properties included in the West Coast portfolio (\$85.6 million), the sale of partnership interests in 21 West 34th Street (\$20.9 million) and the sale of condominium units at 248 Bedford Avenue, Brooklyn (\$1.6 million), partially offset by additional post closing costs related to the sale of our partnership interest in 27-29 West 34th Street (\$1.9 million). During the six months ended June 30, 2013, we recognized additional post closing costs related to the sale of 521 Fifth Avenue (\$1.9 million), partially offset by the sale of two properties included in the West Coast portfolio (\$1.5 million).

Purchase price fair value adjustment

Purchase price fair value adjustment for the six months ended June 30, 2014 and 2013 was attributable to the acquisition of our joint venture partner's interest in 388-390 Greenwich Street and 16 Court Street, Brooklyn, respectively.

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt for the six months ended June 30, 2014 was attributable to the refinancing of the previous mortgage at 248-252 Bedford Avenue (\$0.5 million) and early repayment of the mortgage at 16 Court Street, Brooklyn (\$0.5 million). Loss on early extinguishment of debt for the six months ended June 30, 2013 was attributable to the refinancing of the mortgage at 1515 Broadway.

Discontinued Operations

Discontinued operations for the six months ended June 30, 2014 includes the gain recognized on the sale of 673 First Avenue (\$117.8 million) and the results of operations of 673 First Avenue, which was sold in April 2014, and 2 Herald Square and 985-987 Third Avenue, which were held for sale at June 30, 2014. Discontinued operations for the six months ended June 30, 2013 includes the gain on sale recognized for 44 West 55th Street (\$1.1 million), which was sold in February 2013, and the results of operations for 673 First Avenue, 2 Herald Square, 985-987 Third Avenue and 44 West 55th Street, 333 West 34th Street and 300 Main Street, which were sold in February, August and September 2013, respectively.

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 these measures provide investors with useful information regarding the operating performance of properties that are comparable for the periods 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.

For properties owned since January 1, 2013 (excluding assets held for sale) and still owned and operated at June 30, 2014, Same-Store NOI is determined as follows (in millions):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014	2013	\$ Change	% Change	2014	2013	\$ Change	% Change
Rental revenues, rent escalations, and reimbursement revenues	\$ 284.3	\$ 277.5	\$ 6.8	2.45 %	\$ 558.4	\$ 552.7	\$ 5.7	1.03 %
Other income	0.8	1.2	(0.4)	(33.33)%	2.0	3.4	(1.4)	(41.18)%
Total revenues	285.1	278.7	6.4	2.30 %	560.4	556.1	4.3	0.77 %
Property operating expenses	116.6	112.9	3.7	3.28 %	235.2	231.1	4.1	1.77 %
Operating income	168.5	165.8	2.7	1.63 %	325.2	325.0	0.2	0.06 %
Less: Non-building revenue	0.2	0.7	(0.5)	(71.43)%	0.4	1.5	(1.1)	(73.33)%
Same-Store NOI	\$ 168.3	\$ 165.1	\$ 3.2	1.94 %	\$ 324.8	\$ 323.5	\$ 1.3	0.40 %

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 and funds for acquisition and 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 our 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
- (6) Proceeds from common or preferred equity or debt offerings by the Company, the Operating Partnership (including 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 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 June 30, 2014 are as follows (in thousands):

	Remaining 2014	2015	2016	2017	2018	Thereafter	Total
Property mortgages and other loans ⁽¹⁾	\$ 169,413	\$ 277,017	\$ 570,257	\$ 1,147,642	\$ 64,462	\$ 3,901,635	\$ 6,130,426
Corporate obligations	75,898	7	255,308	355,008	250,000	1,333,000	2,269,221
Joint venture debt-our share	27,651	44,260	561,736	442,584	28	353,580	1,429,839
Total	\$ 272,962	\$ 321,284	\$ 1,387,301	\$ 1,945,234	\$ 314,490	\$ 5,588,215	\$ 9,829,486

(1) Includes the mortgage at 2 Herald Center, which is included in liabilities related to assets held for sale.

As of June 30, 2014, we had \$348.0 million of consolidated cash on hand, inclusive of \$39.9 million of marketable securities. We expect to generate positive cash flow from operations for the foreseeable future. We may seek to 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 periods presented below.

Cash and cash equivalents were \$308.1 million and \$199.0 million at June 30, 2014 and 2013, respectively, representing an increase of \$109.1 million. The increase was a result of the following changes in cash flows (in thousands):

	Six Months Ended June 30,		
	2014	2013	Increase (Decrease)
Net cash provided by operating activities	\$ 276,562	\$ 209,688	\$ 66,874
Net cash used in investing activities	\$ (318,041)	\$ (42,722)	\$ (275,319)
Net cash provided by (used in) financing activities	\$ 142,890	\$ (157,981)	\$ 300,871

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 payment requirements. At June 30, 2014, our Manhattan and Suburban consolidated office portfolio were 94.9% and 79.6% occupied, respectively. Our debt and preferred equity and joint venture investments also provide a steady stream of operating cash flow to us.

Cash is used in investing activities to fund acquisitions, 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 six months ended June 30, 2014, when compared to the six months ended June 30, 2013, we used cash primarily for the following investing activities (in thousands):

Acquisitions of real estate	\$ (156,080)
Capital expenditures and capitalized interest	(72,718)
Escrow cash-capital improvements/acquisition deposits	(37,833)
Joint venture investments	(88,619)
Distributions from joint ventures	146,582
Proceeds from sales of real estate/partial interest in property	252,224
Debt and preferred equity and other investments	(318,875)
Increase in net cash used by investing activities	\$ (275,319)

Funds spent on capital expenditures, which are comprised of building and tenant improvements, increased from \$61.5 million for the six months ended June 30, 2013 to \$134.2 million for the six months ended June 30, 2014. The increased capital expenditures relate primarily to increased costs incurred in connection with the redevelopment of properties and new leasing activity.

We generally fund our investment activity through property-level financing, our 2012 credit facility, MRA facility, senior unsecured notes, convertible or exchangeable securities, construction loans, sale of real estate and from time to time, the Company issues common or preferred stock, or the Operating Partnership may issue common or preferred units of limited partnership interest. During the six months ended June 30, 2014 when compared to the six months ended June 30, 2013, we used cash for the following financing activities (in thousands):

Proceeds from our debt obligations	\$	934,270
Repayments under our debt obligations		(778,216)
Noncontrolling interests, contributions in excess of distributions		161
Other financing activities		(24,707)
Redemption of preferred stock		192,500
Proceeds from issuance of common and preferred stock		272
Dividends and distributions paid		(23,409)
Increase in net cash provided in financing activities	\$	<u>300,871</u>

Capitalization

As of June 30, 2014, SL Green had 95,587,301 shares of common stock, 3,500,060 common units of limited partnership interest in the Operating Partnership held by persons other than the Company, 9,200,000 shares of SL Green's 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 \$53.6 million.

At-the-Market 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 six months ended June 30, 2014, we sold 25,659 shares of our common stock out of the remaining balance of this ATM Program for aggregate net proceeds of \$2.8 million. The net proceeds from this offering 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 a new ATM Program to sell an aggregate of \$300.0 million of SL Green's common stock. During the six months ended June 30, 2014, we sold 55,765 shares of our common stock for aggregate net proceeds of \$6.1 million. The net proceeds from this offering were contributed to the Operating Partnership in exchange for 55,765 units of limited partnership interest of the Operating Partnership. As of June 30, 2014, \$293.8 million remained available for issuance of common stock under the new ATM Program.

Dividend Reinvestment and Stock Purchase Plan

In March 2012, the Company filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan, or DRIP, which automatically became effective upon filing. The Company registered 3,500,000 shares of SL Green's common stock under the DRIP. The DRIP commenced on September 24, 2001.

During the six months ended June 30, 2014, the Company issued 272 shares of SL Green's common stock and received approximately \$26,000 of net proceeds, respectively, from dividend reinvestments and/or stock purchases under the DRIP. DRIP shares may be issued at a discount to the market price.

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 the stockholders. Subject to adjustments upon certain corporate transactions or events, 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 June 30, 2014, 3,200,000 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, which remain subject to performance-based vesting.

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 approximately \$15.0 million up to approximately \$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, approximately \$25.0 million of awards could be earned at any time after the beginning of the second year and an additional approximately \$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, 366,815 LTIP Units, 385,583 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 December 11, 2013 (accelerated from the original January 1, 2014 vesting date) and the remainder is scheduled to vest 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 (approximately \$31.7 million, subject to forfeitures) will be amortized into earnings through the final vesting period. We recorded compensation expense of \$1.6 million, \$1.9 million, \$0.8 million and \$2.8 million during the three and six months ended June 30, 2014 and 2013, respectively, related to the 2010 Long-Term Compensation Plan.

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 may 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 will be entitled to share in a "performance pool" comprised of LTIP Units with a value equal to 10% of the amount, if any, by which our total return to stockholders during the three-year period exceeds a cumulative total return to stockholders of 25%, subject to the maximum of \$85.0 million of LTIP Units; provided that if maximum performance has been achieved, approximately one-third of each award may be earned at any time after the beginning of the second year and an additional approximately one-third of each award may be earned at any time after the beginning of the third year. LTIP Units earned under the 2011 Outperformance Plan will be subject to continued vesting requirements, with 50% of any awards earned vesting on August 31, 2014 and the remaining 50% vesting on August 31, 2015, subject to continued employment with us through such dates. Participants will not be entitled to distributions with respect to LTIP Units granted under the 2011 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 additional LTIP Units. Thereafter, distributions will 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. The remaining one-third of each award will be earned based on performance through the end of the performance period.

The cost of the 2011 Outperformance Plan (approximately \$27.0 million, subject to forfeitures) will be amortized into earnings through the final vesting period. We recorded compensation expense of \$4.3 million, \$6.1 million, \$1.7 million and \$4.5 million during the three and six months ended June 30, 2014 and 2013, respectively, related to the 2011 Outperformance Plan.

Deferred Compensation Plan for Directors

Under our Non-Employee Directors' 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 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 six months ended June 30, 2014, 5,974 phantom stock units were earned. As of June 30, 2014, there were 79,499 phantom stock units outstanding pursuant to our Non-Employee Director's Deferral Program.

Employee Stock Purchase Plan

On September 18, 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 June 30, 2014, 76,727 shares of SL Green's common stock had been issued under the ESPP.

Market Capitalization

At June 30, 2014, borrowings under our mortgages and other loans payable, our 2012 credit facility, senior unsecured notes, trust preferred securities and our share of joint venture debt represented 46.8% of our combined market capitalization of \$20.9 billion (based on a common stock price of \$109.41 per share, the closing price of SL Green's common stock on the NYSE on June 30, 2014). 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, our 2012 credit facility, senior unsecured notes and trust preferred securities outstanding at June 30, 2014 and December 31, 2013, respectively (amounts in thousands).

	June 30, 2014	December 31, 2013
Debt Summary:		
Balance		
Fixed rate ⁽¹⁾	\$ 5,554,152	\$ 5,561,749
Variable rate—hedged	542,128	38,211
Total fixed rate	<u>6,096,280</u>	5,599,960
Variable rate	1,538,297	774,301
Variable rate—supporting variable rate assets	723,055	545,647
Total variable rate	<u>2,261,352</u>	1,319,948
Total	<u>\$ 8,357,632</u>	<u>\$ 6,919,908</u>
Percent of Total Debt:		
Total fixed rate	72.9%	80.9%
Variable rate	27.1%	19.1%
Total	<u>100.0%</u>	<u>100.0%</u>
Effective Interest Rate for the Period:		
Fixed rate	5.22%	5.33%
Variable rate	2.01%	2.39%
Effective interest rate	4.49%	4.81%

(1) Includes the mortgage at 2 Herald Center, which is included in liabilities related to assets held for sale.

The variable rate debt shown above generally bears interest at an interest rate based on 30-day LIBOR (0.16% and 0.17% at June 30, 2014 and December 31, 2013, respectively). Our consolidated debt at June 30, 2014 had a weighted average term to maturity of 5.4 years.

Certain of our debt and preferred equity investments, with a face amount of \$723.1 million at June 30, 2014, are variable rate investments which mitigate our exposure to interest rate changes on our unhedged variable rate debt.

Mortgage Financing

As of June 30, 2014, our total mortgage debt (excluding our share of joint venture mortgage debt of \$1.4 billion) consisted of \$4.6 billion of fixed rate debt, including swapped variable rate debt, with an effective weighted average interest rate of 5.12% and \$1.5 billion of variable rate debt with an effective weighted average interest rate of 1.96%.

Corporate Indebtedness

2012 Credit Facility

In March 2014, we entered into an amendment to the \$1.6 billion credit facility, entered into by the Company in November 2012, or the 2012 credit facility, which, among other things, increased the term loan portion of the 2012 credit facility by \$383.0 million to \$783.0 million, decreased the interest-rate margin applicable to the term loan 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. The 2012 credit facility, as amended, consists of a \$1.2 billion revolving credit facility, or the revolving credit facility, and a \$783.0 million term loan facility, or the term loan facility. The revolving credit facility matures in March 2017 and includes two six-month as-of-right extension options, subject to the payment of an extension fee of 10 basis points for each such extension. We also have an option, subject to customary conditions, without the consent of existing lenders, to increase the capacity under the revolving credit facility to \$1.5 billion at any time prior to the maturity date for the revolving credit facility, by obtaining additional commitments from our existing lenders and other financial institutions.

The 2012 credit facility bears interest at a spread over LIBOR ranging from (i) 100 basis points to 175 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 June 30, 2014, the applicable spread

was 145 basis points for revolving credit facility and 140 basis points for the term loan facility. At June 30, 2014, the effective interest rate was 1.61% for the revolving credit facility and 1.64% for the term loan facility. We are required to pay quarterly in arrears a 15 to 35 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 June 30, 2014, the facility fee was 30 basis points. At June 30, 2014, we had \$116.3 million of outstanding letters of credit and \$783.0 million outstanding under the term loan facility, with total undrawn capacity of \$1.1 billion under the revolving credit facility.

In connection with the amendment of the 2012 credit facility, we incurred debt origination and other loan costs of \$2.8 million. We evaluated the modification pursuant to ASC 470 and determined that the terms of the amendment were not substantially different from the terms of the previous 2012 credit facility. As a result, these deferred costs and the unamortized balance of the costs previously incurred are amortized through the extended maturity date of the term loan 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).

Master Repurchase Agreement

The Master Repurchase Agreement, as amended in December 2013, or MRA, provides us an ability to sell certain debt investments in exchange for cash with a simultaneous agreement to repurchase the same debt investments 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 one-month LIBOR depending on the pledged collateral. As of June 30, 2014, we have \$300.0 million undrawn capacity under the MRA.

Senior Unsecured Notes

The following table sets forth our senior unsecured notes and other related disclosures as of June 30, 2014 and December 31, 2013 by scheduled maturity date (amounts in thousands):

Issuance	June 30, 2014 Unpaid Principal Balance	June 30, 2014 Accreted Balance	December 31, 2013 Accreted Balance	Coupon Rate(1)	Effective Rate	Term (in Years)	Maturity Date
August 13, 2004 ⁽²⁾	\$ 75,898	\$ 75,898	\$ 75,898	5.88%	5.88%	10	August 15, 2014
March 31, 2006 ⁽²⁾	255,308	255,227	255,206	6.00%	6.00%	10	March 31, 2016
October 12, 2010 ⁽³⁾	345,000	303,354	297,837	3.00%	3.00%	7	October 15, 2017
August 5, 2011 ⁽⁴⁾	250,000	249,712	249,681	5.00%	5.00%	7	August 15, 2018
March 16, 2010 ⁽⁴⁾	250,000	250,000	250,000	7.75%	7.75%	10	March 15, 2020
November 15, 2012 ⁽⁴⁾	200,000	200,000	200,000	4.50%	4.50%	10	December 1, 2022
June 27, 2005 ⁽²⁾⁽⁵⁾	7	7	7	4.00%	4.00%	20	June 15, 2025
March 26, 2007 ⁽⁶⁾	10,008	10,008	10,701	3.00%	3.00%	20	March 30, 2027
	\$ 1,386,221	\$ 1,344,206	\$ 1,339,330				

(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) 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 the 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 11.7153 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 guaranteed by ROP. On the issuance date, \$78.3 million of the debt balance was recorded in equity. As of June 30, 2014, \$41.6 million remained to be amortized into the debt balance.

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

(5) Exchangeable senior debentures which are currently callable at par. In addition, the debentures can be put to ROP, at the option of the holder at par plus accrued and unpaid interest, on June 15, 2015 and 2020 and upon the occurrence of certain change of control transactions. As a result of the acquisition of all outstanding shares of common stock of Reckson, or the Reckson Merger, the adjusted exchange rate for the debentures is 7.7461 shares of SL Green's common stock per \$1,000 of principal amount of debentures and the adjusted reference dividend for the debentures is \$1.3491.

(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 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.

Junior Subordinate Deferrable Interest Debentures

In June 2005, the Company and the Operating Partnership issued \$100.0 million of Trust Preferred Securities, which are reflected on the consolidated balance sheet as Junior Subordinate Deferrable Interest Debentures. The \$100.0 million of junior subordinate deferrable interest debentures have a 30-year term ending July 2035. They bear interest at a fixed rate of 5.61% for the first 10 years ending July 2015. Thereafter, the interest rate will float at three-month LIBOR plus 125 basis points. The Trust Preferred Securities are redeemable at the option of the Operating Partnership, in whole or in part, with no prepayment premium.

Restrictive Covenants

The terms of the 2012 credit facility and certain of our senior unsecured notes include certain restrictions and covenants which may limit, among other things, our ability to pay dividends (as discussed below), 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 minimum amount of tangible net worth, a 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 June 30, 2014, we were in compliance with all such covenants.

Market 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 derivative 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 2014 would increase our annual interest cost, net of interest income from variable rate debt and preferred equity investments, by approximately \$14.9 million and would increase our share of joint venture annual interest cost by approximately \$8.0 million.

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.

We have \$6.1 billion of fixed-rate long-term debt, and therefore the fair value of these instruments is affected by changes in the market interest rates. The interest rate on our variable rate debt and variable rate joint venture debt as of June 30, 2014 was based on LIBOR plus a spread ranging from 90 basis points to 935 basis points.

Contractual Obligations

Refer to our 2013 Annual Report on Form 10-K for a discussion of our contractual obligations. There have been no material changes, outside the ordinary course of business, to these contractual obligations during the six months ended June 30, 2014.

Off-Balance Sheet Arrangements

We have a number of 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 six months ending December 31, 2014, we expect to incur approximately \$174.7 million of our share of recurring capital expenditures and \$76.5 million of development expenditures, which are net of loan reserves, (including tenant improvements and leasing commissions) on existing consolidated properties, and we estimate that our share of capital expenditures at our joint venture properties, net of loan reserves, will be approximately \$66.1 million. We expect to fund these capital expenditures with operating cash flow, additional property level mortgage financings and cash on hand. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs. We expect that these financing requirements will be met in a similar fashion. We believe that we will have sufficient resources to satisfy our capital needs during

the next 12-month period. Thereafter, we expect our capital needs will be met through a combination of cash on hand, net cash provided by operations, borrowings, potential asset sales 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 or borrowings.

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 \$2.00 per share, we would pay approximately \$191.2 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 our 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 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 income, was \$1.0 million, \$1.9 million, 0.9 million and \$1.9 million for the three and six months ended June 30, 2014 and 2013, respectively. We also recorded expenses of \$4.7 million, \$8.2 million, \$4.3 million and \$8.4 million for the three and six months ended June 30, 2014 and 2013, respectively, for these services (excluding services provided directly to tenants).

Marketing Services

A-List Marketing, LLC, or A-List, provides marketing services to us. Deena Wolff, a sister of Marc Holliday, our chief executive officer, is the owner of A-List. We recorded approximately \$77,100, \$94,900, \$104,900 and \$107,300 for the three and six months ended June 30, 2014 and 2013, respectively, for these services.

Leases

Nancy Peck and Company leases 1,003 square feet of space at 420 Lexington Avenue under a lease that ends in August 2015. Nancy Peck and Company is owned by Nancy Peck, the wife of Stephen L. Green. The rent due pursuant to the lease was \$35,516 per annum for year one increasing to \$40,000 in year seven.

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 such entity of approximately \$111,600, \$216,400, \$95,500 and \$213,700 for the three and six months ended June 30, 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 two property insurance portfolios and liability insurance. As of June 30, 2014, 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, 2014. The second portfolio maintains a limit of \$700.0 million per occurrence, including terrorism, for some New York City properties and the majority of the Suburban properties and expires December 31, 2015. Each policy includes \$100.0 million of flood coverage, with a lower sublimit for locations in high hazard flood zones. We maintain 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, 2014. 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 be 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, Flood 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. 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. There is no assurance that TRIPRA will be extended. 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

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 three and six months ended June 30, 2014 and 2013 are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income attributable to SL Green common stockholders	\$ 235,541	\$ 8,276	\$ 381,631	\$ 27,185
Add:				
Depreciation and amortization	94,838	81,577	184,217	160,200
Discontinued operations depreciation adjustments	—	2,060	433	4,126
Unconsolidated joint ventures depreciation and noncontrolling interest adjustments	8,161	17,620	21,148	25,148
Net income attributable to noncontrolling interests	10,488	3,248	16,707	6,704
Less:				
Gain on sale of discontinued operations	114,735	—	114,735	1,113
Equity in net gain (loss) on sale of joint venture property/interest	1,444	(3,583)	106,084	(3,583)
Purchase price fair value adjustment	71,446	(2,305)	71,446	(2,305)
Depreciable real estate reserves, net of recoveries	—	(2,150)	—	(2,150)
Depreciation and amortization on non-rental real estate assets	503	343	1,017	588
Funds from Operations	\$ 160,900	\$ 120,476	\$ 310,854	\$ 229,700
Cash flows provided by operating activities	\$ 188,414	\$ 120,132	\$ 276,562	\$ 209,688
Cash flows (used in) provided by investing activities	\$ (246,240)	\$ 126,354	\$ (318,041)	\$ (42,722)
Cash flows (used in) provided by financing activities	\$ (81,233)	\$ (267,621)	\$ 142,890	\$ (157,981)

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 may 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.

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 Northern 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 metropolitan real estate market in particular;
- dependence upon certain geographic markets;
- risks of real estate acquisitions, dispositions and developments, 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 continuing threat of terrorist attacks, in particular in the New York Metropolitan area and on our tenants;
- 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.

ITEM 3. Quantitative and Qualitative Disclosure About Market Risk

For quantitative and qualitative disclosure about market risk, see Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operation - Market Rate Risk" in this Quarterly Report on Form 10-Q for the three and six months ended June 30, 2014 for the Company and the Operating Partnership and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Rate Risk" in the Annual Report on Form 10-K for the year ended December 31, 2013 for the Company and the Operating Partnership. Our exposures to market risk have not changed materially since December 31, 2013.

ITEM 4. 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.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the Company's internal control over financial reporting during the quarter ended June 30, 2014 that have materially affected, or are 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 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.

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 quarter ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

As of June 30, 2014, neither the Company nor the Operating Partnership were 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 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in "Part I. Item 1A. Risk Factors" in the 2013 Annual Report on Form 10-K of the Company and the Operating Partnership.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits:

- 3.1 Articles of Restatement of the Operating Partnership, dated June 11, 2014, filed herewith.
- 3.2 Third Amended and Restated Bylaws of the Company, dated June 11, 2014, filed herewith.
- 3.3 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.
- 3.4 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.
- 3.5 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.
- 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 of the Company 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 of the Company pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 32.3 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.
- 32.4 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 SL Green Realty Corp. and SL Green Operating Partnership L.P.'s Quarterly Report on Form 10-Q for the three months ended June 30, 2014, formatted in XBRL: (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Income (unaudited), (iii) Consolidated Statements of Comprehensive Income (unaudited), (iv) Consolidated Statement of Equity (unaudited), (v) Consolidated Statement of Capital (unaudited) (vi) Consolidated Statements of Cash Flows (unaudited), and (vii) Notes to Consolidated Financial Statements (unaudited), detail tagged and filed herewith.

SIGNATURES

Pursuant to the requirements 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/ James Mead
James Mead
Chief Financial Officer

Date: August 11, 2014

SIGNATURES

Pursuant to the requirements 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/ James Mead

By: _____
James Mead
Chief Financial Officer

Date: August 11, 2014

SL GREEN REALTY CORP.**ARTICLES OF RESTATEMENT**

SL GREEN REALTY CORP., a Maryland corporation (the “Corporation”), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: The Corporation desires to, and does hereby, restate in its entirety the charter of the Corporation (the “Charter”) as currently in effect pursuant to Section 2-608 of the Maryland General Corporation Law.

SECOND: The following provisions, together with the provisions of the Articles Supplementary relating to the Corporation’s election to be subject to Section 3-804(c) of the Maryland General Corporation Law attached hereto as Exhibit I and the Articles Supplementary relating to the Corporation’s 6.50% Series I Cumulative Redeemable Preferred Stock attached hereto as Exhibit II, both of which are incorporated herein by reference, are all the provisions of the Charter currently in effect, as restated herein:

ARTICLE I**NAME**

The name of the corporation (the “Corporation”) is:

SL Green Realty Corp.

ARTICLE II**PURPOSE**

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a real estate investment trust under the Internal Revenue Code of 1986, as amended, or any successor statute (the “Code”)) for which corporations may be organized under the general laws of the State of Maryland is now or hereafter in force. For purposes of these Articles, “REIT” means a real estate investment trust under sections 856 through 860 of the Code.

ARTICLE III**PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT**

The address of the principal office of the Corporation in the State of Maryland is c/o National Registered Agents, Inc. of MD, 351 W. Camden Street, Baltimore, MD 21201. The name of the resident agent of the Corporation in the State of Maryland is National Registered Agents, Inc. of MD, whose post address is 351 W. Camden Street, Baltimore, MD 21201. The resident agent is a corporation of and resident of the State of Maryland.

ARTICLE IV

PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 1. Number and Classification of Directors. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors of the Corporation (the "Board of Directors"). The number of directors of the Corporation shall be five, which number may be increased or decreased pursuant to the Bylaws, but shall never be less than the minimum number required by the Maryland General Corporation Law. The directors of the Corporation are divided into three classes, designated "Class I," "Class II," and "Class III," respectively. At each annual meeting of stockholders, the successor to the class of directors whose term expires at such meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualify. The names of the directors currently in office are:

Name	Class
Stephen L. Green	III
Marc Holliday	II
Edwin T. Burton, III	I
John S. Levy	II
John H. Alschuler, Jr.	III

These directors may increase the number of directors and may fill any vacancy, whether resulting from an increase in the number of directors or otherwise, on the Board of Directors prior to the first annual meeting of stockholders in the manner provided in the Bylaws.

At any meeting of stockholders, the directors may be classified, with respect to the terms for which they severally hold office, into three classes, one class to hold office initially for a term expiring at the next succeeding annual meeting of stockholders, another class to hold office initially for a term expiring at the second succeeding annual meeting of stockholders and another class to hold office initially for a term expiring at the third succeeding annual meeting of stockholders, with the members of each class to hold office until their successors are duly elected and qualify. At each annual meeting of the stockholders, the successors to the class of directors whose term expires at such meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

Section 2. Authorization by Board of Stock Issuance. The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable, subject to such restrictions or limitations, if any, as may be set forth in the charter or the Bylaws.

Section 3. Preemptive Rights. Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Article V, Section 4, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell.

Section 4. Indemnification. The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former director or officer of the Corporation or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his service in such capacity. The Corporation shall have the power, with the approval of its Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Section 5. Determinations by Board. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the charter, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, funds from operations, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or distributions, qualifications or terms or conditions of redemption of any class or series of stock of the Corporation; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or of any shares of stock of the Corporation; the number of shares of stock of any class of the Corporation; any matters relating to the acquisition, holding and disposition of any assets by the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the charter or Bylaws of the Corporation or otherwise to be determined by the Board of Directors.

Section 6. REIT Qualification. If the Corporation elects to qualify for federal income tax treatment as a REIT, the Board of Directors shall use its reasonable best efforts to take such actions as are necessary or appropriate to preserve the status of the Corporation as a REIT; however, if the Board of Directors determines that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT, the Board of Directors may revoke or otherwise terminate the Corporation's REIT election pursuant to Section 856(g) of the Code.

Section 7. Removal of Directors. Any director, or the entire Board of Directors, may be removed from office at any time, for cause only, by the affirmative vote of a majority of the votes entitled to be cast for the election of directors. The Board of Directors also may determine that compliance with any restriction or limitation on stock ownership and transfers set forth in Article VI is no longer required for REIT qualification. For the purposes of this paragraph, “cause” shall mean, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to the Corporation through bad faith or active and deliberate dishonesty.

ARTICLE V

STOCK

Section 1. Authorized Shares. The Corporation has the authority to issue a total of 260,000,000 shares of stock, consisting of 160,000,000 shares of Common Stock, \$0.01 par value per share (“Common Stock”), 25,000,000 shares of Preferred Stock, \$0.01 par value per share (“Preferred Stock”), and 75,000,000 shares of Excess Stock, \$0.01 par value per share (“Excess Stock”). The aggregate par value of all authorized shares of stock having par value is \$2,600,000. If shares of one class of stock are classified or reclassified into shares of another class or series of stock pursuant to Sections 2, 3 or 4 of this Article V, the number of authorized shares of the former class or series shall be automatically decreased and the number of shares of the latter class or series shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes and series that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph.

Section 2. Common Stock. Subject to the provisions of Article VI and except as otherwise may be specified in the terms of any class or series of Common Stock, each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time in one or more classes or series of stock.

Section 3. Preferred Stock. The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time, in one or more series of stock.

Section 4. Classified or Reclassified Shares. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set, subject to the provisions of Article VI and subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations and restrictions on ownership, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; (d) cause the Corporation to file articles supplementary with State Department of Assessments and Taxation of Maryland (“SDAT”). Any of the terms of any class or series of stock set pursuant to clause (c) of this Section 4 may be made dependent upon facts or events ascertainable outside the charter (including determinations by the

Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary filed with the SDAT.

Section 5. Charter and Bylaws. The rights of all stockholders and the terms of all stock are subject to the provisions of the charter and the Bylaws.

ARTICLE VI

RESTRICTION ON TRANSFER, ACQUISITION AND REDEMPTION OF SHARES

Section 1. Definitions. For purposes of this Article VI, the following terms shall have the following meanings:

“Beneficial Ownership” shall mean ownership of shares of Equity Stock by a Person who is or would be an actual owner, for Federal income tax purposes, of such shares of Equity Stock or who is or would be treated as a constructive owner of such shares of Equity Stock under Section 542(a)(2) of the Code either directly or constructively through the application of Section 544 of the Code, as modified by Sections 856(h)(1)(B) and 856(h)(3) of the Code. For purposes of determining the percentage ownership of Common Stock by any Person, shares of Common Stock that may be acquired upon conversion, exchange or exercise of any securities of the Corporation or any debt securities of SL Green Operating Partnership, L.P. directly or constructively held by such Person, but not Common Stock issuable with respect to the conversion, exchange or exercise of securities of the Corporation or debt securities of SL Green Operating Partnership, L.P. held by other Persons, shall be deemed to be outstanding prior to such conversion, exchange or exercise. The terms “Beneficial Owner,” “Beneficially Owns,” “Beneficially Own,” and “Beneficially Owned” shall have the correlative meanings.

“Charitable Beneficiary” shall mean a beneficiary of the Trust as determined pursuant to Section 14 of this Article VI.

“Effective Date” shall mean the date as of which the Corporation’s registration statement on form S-11 (File No. 33-84324) is declared effective by the Securities and Exchange Commission.

“Equity Stock” shall mean stock that is either Common Stock or Preferred Stock.

“Market Price” as to any date shall mean the average of the last sales price reported on the New York Stock Exchange, Inc. (“NYSE”) of Common Stock or Preferred Stock, as the case may be, on the ten trading days immediately preceding the relevant date, or if not then traded on the New York Stock Exchange, the average of the last reported sales price of the Common Stock or Preferred Stock, as the case may be, on the ten trading days immediately preceding the relevant date as reported on any exchange or quotation system over which the Common Stock or Preferred Stock, as the case may be, may be traded, or if not then traded over any exchange or quotation

system, then the market price of the Common Stock or Preferred Stock, as the case may be, on the relevant date as determined in good faith by the Board of Directors.

“Ownership Limit” shall initially mean 9.0%, of the lesser of the aggregate number or value of the outstanding shares of Common Stock of the Corporation and, after any adjustment as set forth in Section 9 of this Article VI, shall mean such percentage as so adjusted. The Corporation may, in articles supplementary, determine a limit on the ownership of one or more classes or series of its Preferred Stock (the “Preferred Stock Limit”). From and after such determination, references to the Ownership Limit herein will include the Preferred Stock Limit, as applicable. The number and value of shares of the Equity Stock of the Corporation shall be determined by the Board of Directors in good faith, which determination shall be conclusive for all purposes hereof.

“Person” shall mean an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended; but does not include an underwriter which participated in a public offering of the Common Stock and/or Preferred Stock for a period of 30 days following the purchase by such underwriter of shares of the Common Stock and/or Preferred Stock.

“Purported Beneficial Transferee” shall mean, with respect to any purported Transfer which results in Excess Stock as described below in Section 3 of this Article VI, the purported beneficial transferee for whom the Purported Record Transferee would have acquired shares of Equity Stock, if such Transfer had not been void under Section 2 of this Article VI.

“Purported Record Transferee” shall mean, with respect to any purported Transfer, which results in Excess Stock as described below in Section 3 of this Article VI, the record holder of the Equity Stock if such Transfer had not been void under Section 2 of this Article VI.

“Restriction Termination Date” shall mean the first day after the Effective Date on which the Board of Directors determines that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT.

“Transfer” shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition of Equity Stock (including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Equity Stock or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Equity Stock), whether voluntary or involuntary, whether of record or beneficially and whether by operation of law or otherwise. The terms “Transfers” and “Transferred” shall have the correlative meanings.

“Trust” shall mean the trust created pursuant to Section 14 of this Article VI.

“Trustee” shall mean the Person that is appointed by the Corporation pursuant to Section 14 of this Article VI to serve as trustee of the Trust, and any successor thereto.

Section 2. Ownership Limitation. (i) Except as provided in Section 11 of this Article VI, from the Effective Date and prior to the Restriction Termination Date, no Person shall Beneficially Own shares of Common Stock and/or Preferred Stock in excess of the Ownership Limit.

(ii) Except as provided in Section 11 of this Article VI, from the Effective Date and prior to the Restriction Termination Date, any Transfer that, if effective, would result in any Person Beneficially Owning Common Stock and/or Preferred Stock in excess of the Ownership Limit shall be void *ab initio* as to the Transfer of such shares of Common Stock and/or Preferred Stock which would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit; and the intended transferee shall acquire no rights in such shares of Common Stock and/or Preferred Stock.

(iii) From the Effective Date and prior to the Restriction Termination Date, any Transfer that, if effective, would result in the Common Stock and/or Preferred Stock being Beneficially Owned by less than 100 Persons (determined without reference to any rules of attribution) shall be void *ab initio* as to the Transfer of such shares of Common Stock and/or Preferred Stock which would be otherwise Beneficially Owned by the transferee; and the intended transferee shall acquire no rights in such shares of Common Stock and/or Preferred Stock.

(iv) From the Effective Date and prior to the Restriction Termination Date, any Transfer that, if effective, would result in the Corporation being “closely held” within the meaning of Section 856(h) of the Code shall be void *ab initio* as to the Transfer of the shares of Common Stock and/or Preferred Stock which would cause the Corporation to be “closely held” within the meaning of Section 856(h) of the Code; and the intended transferee shall acquire no rights in such shares of Common Stock and/or Preferred Stock.

Section 3. Excess Stock. (i) If, notwithstanding the other provisions contained in this Article VI, at any time after the date of the Effective Date and prior to the Restriction Termination Date, there is a purported Transfer or other change in the capital structure of the Corporation such that any Person would Beneficially Own Common Stock and/or Preferred Stock in excess of the applicable Ownership Limit, then, except as otherwise provided in Section 11, such shares of Common Stock and/or Preferred Stock in excess of such Ownership Limit (rounded up to the nearest whole share) shall be converted into Excess Stock and be treated as provided in this Article VI. Such conversion and treatment shall be effective as of the close of business on the business day prior to the date of the purported Transfer or change in capital structure.

(ii) If, notwithstanding the other provisions contained in this Article VI, at any time after the date of the Effective Date and prior to the Restriction Termination Date, there is a purported Transfer or other change in the capital structure of the Corporation which, if effective, would cause the Corporation to become “closely held” within the meaning of Section 856(h) of the Code, then the shares of Common Stock and/or Preferred Stock being Transferred which would cause the Corporation to be “closely held” within the meaning of Section 856(h) of the Code (rounded up to the nearest whole share) shall be converted into Excess Stock and be treated as provided in this Article VI. Such conversion and treatment shall be effective as of the close of business on the business day prior to the date of the purported Transfer or change in capital structure.

Section 4. Prevention of Transfer. If the Board of Directors or its designee shall at any time determine in good faith that a Transfer has taken place in violation of Section 2 of this Article VI or that a Person intends to acquire or has attempted to acquire beneficial ownership (determined without reference to any rules of attribution) or Beneficial Ownership of any shares of stock of the Corporation in violation of Section 2 of this Article VI, the Board of Directors or its designee shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer, including, but not limited to, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin or rescind such Transfer; provided, however, that any Transfers or attempted Transfers in violation of subparagraphs Section 2 (ii) and (iv) of this Article VI shall automatically result in the conversion and treatment described in Section 3, irrespective of any action (or non-action) by the Board of Directors.

Section 5. Notice to Corporation. Any Person who acquires or attempts to acquire shares in violation of Section 2 of this Article VI, or any Person who is or attempts to become a transferee such that Excess Stock results under Section 3 of this Article VI, shall immediately give written notice or, in the event of a proposed or attempted Transfer, give at least 15 days prior written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer on the Corporation's status as a REIT.

Section 6. Information for Corporation. From the date of the Effective Date and prior to the Restriction Termination Date, each Person who is a Beneficial Owner of Common Stock and/or Preferred Stock and each Person (including the stockholder of record) who is holding Common Stock and/or Preferred Stock for a Beneficial Owner shall upon demand provide in writing to the Corporation any information with respect to the direct, indirect and constructive ownership of Equity Stock of the Corporation as the Board of Directors deems necessary to comply with the provisions of the Code applicable to REITs, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

Section 7. Other Action by Board. Subject to the provisions of Section 19 of this Article VI, nothing contained in this Article VI shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders by preservation of the Corporation's status as a REIT.

Section 8. Ambiguities. In the case of an ambiguity in the application of any of the provisions of this Article VI, including any definition contained in Section 1, the Board of Directors shall have the power to determine the application of the provisions of this Article VI with respect to any situation based on the facts known to it.

Section 9. Increase in Ownership Limit. Subject to the limitations provided in Section 10 of this Article VI, the Board of Directors may from time to time increase the Ownership Limit.

Section 10. Limitations on Changes in Ownership Limit. (i) The Ownership Limit for a class or series of Equity Stock may not be increased if, after giving effect to such increase, five or fewer Beneficial Owners of Equity Stock would Beneficially Own, in the aggregate, more than 50.0% in value of the outstanding shares of Equity Stock.

(ii) Prior to any modification of the Ownership Limit pursuant to Section 9 of this Article VI, the Board of Directors may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT.

Section 11. Exemptions by Board. The Board of Directors may, in its sole discretion, prospectively or retroactively, waive the Ownership Limit with respect to any particular Person or Persons if evidence satisfactory to the Board of Directors and the Corporation's tax counsel is presented that the changes in ownership pursuant to such waiver will not cause the Corporation not to continue to be qualified as a REIT and are not reasonably likely to cause the Corporation not to continue to be qualified as a REIT in the future and the Board of Directors otherwise decides that such action is in the best interest of the Corporation.

Section 12. Legend. (i) In addition to any other legend required by applicable law, each certificate for shares of Common Stock shall bear substantially the following legend:

The securities represented by this certificate are subject to restrictions on transfer for the purpose of the Corporation's maintenance of its status as a real estate investment trust (a "REIT") under the Internal Revenue Code of 1986, as amended. Except as otherwise provided pursuant to the charter of the Corporation, no Person may Beneficially Own shares of Common Stock in excess of 9.0% (or such greater percentage as may be determined by the Board of Directors of the Corporation) of the aggregate number or value of the outstanding shares of Common Stock of the Corporation. Any Person who acquires or attempts to acquire shares of Common Stock in excess of the aforementioned limitation, or any Person who is or attempts to become a transferee such that Excess Stock results under the provisions of the charter, shall immediately give written notice or, in the event of a proposed or attempted Transfer, give at least 15 days prior written notice to the Corporation of such event and shall provide to the Corporation such other information as it may request in order to determine the effect of any such Transfer on the Corporation's status as a REIT. All capitalized terms in this legend have the meanings defined in the charter of the Corporation, a copy of which, including the restrictions on transfer, will be sent to any stockholder on request and without charge. If the restrictions on transfer are violated, the securities represented hereby will be converted into and treated as shares of Excess Stock that will be transferred, by operation of law, to the trustee of a trust for the exclusive benefit of one or more charitable organizations.

(ii) In addition to any other legend required by applicable law, each certificate for shares of Preferred Stock shall bear such legend as may be set forth in the Articles Supplementary with respect to the transferability of such Preferred Stock.

Section 13. Severability. If any provision of this Article VI or any application of any such provision is determined to be void, invalid or unenforceable by virtue of any legal decision, statute, rule or regulation, then the Purported Record Transferee may be deemed, at the option of the Corporation, to have acted as an agent of the Corporation in acquiring such shares of Excess Stock and to hold such shares of Excess Stock on behalf of the Corporation and the validity and enforceability of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

Section 14. Trust for Excess Stock. Upon any purported Transfer that results in Excess Stock pursuant to Section 3 of this Article VI, such Excess Stock shall be deemed to have been transferred by operation of law to the Trustee of a trust (the "Trust") for the exclusive benefit of one or more Charitable Beneficiaries. The Trustee shall be appointed by the Corporation, and shall be a Person unaffiliated with the Corporation, any Purported Beneficial Transferee or any Purported Record Transferee. By written notice to the Trustee, the Corporation shall designate one or more non-profit organizations to be the Charitable Beneficiary(ies) of the interest in the Trust representing the Excess Stock such that (a) the shares of Equity Stock, from which the shares of Excess Stock held in the Trust were so converted, would not violate the restrictions set forth in Section 2 of this Article VI in the hands of such Charitable Beneficiary and (b) each Charitable Beneficiary is an organization described in Sections 170(b)(1)(a), 170(c)(2) and 501(c)(3) of the Code. The Trustee of the Trust will be deemed to own the Excess Stock for the benefit of the Charitable Beneficiary on the date of the purported Transfer that result in Excess Stock pursuant to Section 3 of this Article VI. Shares of Excess Stock so held in trust shall be issued and outstanding stock of the Corporation. The Purported Record Transferee shall have no rights in such Excess Stock except as expressly provided for in this Article VI.

Section 15. Dividends on Excess Stock. Shares of Excess Stock will be entitled to dividends and distributions authorized and declared with respect to the class or series of Equity Stock from which the Excess Stock was converted and will be payable to the Trustee of the Trust in which such Excess Stock is held, for the benefit of the Charitable Beneficiary. Dividends and distributions will be authorized and declared with respect to each share of Excess Stock in an amount equal to the dividends and distributions authorized and declared on each share of stock of the class or series of Equity Stock from which the Excess Stock was converted. Any dividend or distribution paid to a Purported Record Transferee of Excess Stock prior to the discovery by the Corporation that Equity Stock has been transferred in violation of the provisions of the charter shall be repaid by the Purported Record Transferee to the Trustee upon demand. The Corporation shall rescind any dividend or distribution authorized and declared but unpaid as void *ab initio* with respect to the Purported Record Transferee, and the Corporation shall pay such dividend or distribution when due to the Trustee of the trust for the benefit of the Charitable Beneficiary.

Section 16. Liquidation Distributions for Excess Stock. Subject to the preferential rights of the Preferred Stock, if any, as may be determined by the Board of Directors, in the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any other distribution of all or substantially all of the assets of the Corporation, each holder of shares of Excess Stock shall be entitled to receive, in the case of Excess Stock converted from Preferred Stock, ratably with each

other holder of Preferred Stock and Excess Stock converted from Preferred Stock and having the same rights to payment upon liquidation, dissolution or winding up as such Preferred Stock and, in the case of Excess Stock converted from Common Stock, ratably with each other holder of Common Stock and Excess Stock converted from Common Stock, that portion of the assets of the Corporation available for distribution to its stockholders as the number of shares of the Excess Stock held by such holder bears to the total number of shares of (i) Preferred Stock and Excess Stock then outstanding (in the case of Excess Stock converted from Preferred Stock) and (ii) Common Stock and Excess Stock then outstanding (in the case of Excess Stock converted from Common Stock).

Any liquidation distributions to be distributed with respect to Excess Stock shall be distributed in the same manner as proceeds from the sale of Excess Stock are distributed as set forth in Section 18 of this Article VI.

Section 17. Voting Rights for Excess Stock. Any vote cast by a Purported Record Transferee of Excess Stock prior to the discovery by the Corporation that Equity Stock has been transferred in violation of the provisions of the charter shall be void *ab initio*. While the Excess Stock is held in trust, the Purported Record Transferee will be deemed to have given an irrevocable proxy to the Trustee to vote the shares of Equity Stock which have been converted into shares of Excess Stock for the benefit of the Charitable Beneficiary.

Section 18. Non-Transferability of Excess Stock. Excess Stock shall not be transferable. In its sole discretion, the Trustee of the Trust may transfer the interest in the Trust representing shares of Excess Stock to any Person if the shares of Excess Stock would not be Excess Stock in the hands of such Person. If such transfer is made, the interest of the Charitable Beneficiary in the Excess Stock shall terminate and the proceeds of the sale shall be payable by the Trustee to the Purported Record Transferee and to the Charitable Beneficiary as herein set forth. The Purported Record Transferee shall receive from the Trustee the lesser of (i) the price paid by the Purported Record Transferee for its shares of Equity Stock that were converted into Excess Stock or, if the Purported Record Transferee did not give value for such shares (*e.g.*, the stock was received through a gift, devise or other transaction), the average closing price for the class of shares from which such shares of Excess Stock were converted for the ten trading days immediately preceding such sale or gift, and (ii) the price received by the Trustee from the sale or other disposition of the Excess Stock held in trust. The Trustee may reduce the amount payable to the Purported Record Transferee by the amount of dividends and distributions which have been paid to the Purported Record Transferee and are owed by the Purported Record Transferee to the Trustee pursuant to Section 15 of this Article VI. Any proceeds in excess of the amount payable to the Purported Record Transferee shall be paid by the Trustee to the Charitable Beneficiary. Upon such transfer of an interest in the Trust, the corresponding shares of Excess Stock in the Trust shall be automatically exchanged for an equal number of shares of Common Stock and/or Preferred Stock, as applicable, and such shares of Common Stock and/or Preferred Stocks applicable, shall be transferred of record to the transferee of the interest in the Trust if such shares of Common Stock and/or Preferred Stock, as applicable, would not be Excess Stock in the hands of such transferee. Prior to any transfer of any interest in the Trust, the Corporation must have waived in writing its purchase rights under Section 20 of this Article VI.

Section 19. NYSE Transactions. Nothing in this Article VI shall preclude the settlement of any transaction entered into through the facilities of the NYSE. The fact that the settlement of any transaction may occur shall not negate the effect of any other provision of this Article VI and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article VI.

Section 20. Call by Corporation on Excess Stock. Shares of Excess Stock shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share payable to the Purported Record Transferee equal to the lesser of (i) the price per share in the transaction that created such Excess Stock (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price of the Common Stock or Preferred Stock from which such Excess Stock was converted on the date the Corporation, or its designee, accepts such offer. The Corporation may reduce the amount payable to the Purported Record Transferee by the amount of dividends and distributions which have been paid to the Purported Record Transferee and are owed by the Purported Record Transferee to the Trustee pursuant to Section 15 of this Article VI. The Corporation may pay the amount of such reductions to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer for a period of 90 days after the later of (i) the date of the Corporation's receipt of notice pursuant to Section 5 of this Article VI and (ii) if the Corporation does not receive a notice of such Transfer pursuant to Section 5 of this Article VI, the date that the Board of Directors determines in good faith that a Transfer resulting in Excess Stock has occurred, but in no event later than a permitted Transfer pursuant to and in compliance with the terms of Section 18 of this Article VI.

Section 21. Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VI.

Section 22. Non-waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

ARTICLE VII

AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to its charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in this charter, of any shares of outstanding stock. All rights and powers conferred by the charter on stockholders, directors and officers are granted subject to this reservation. Any amendment to the charter shall be valid only if approved by the affirmative vote of two-thirds of all the votes entitled to be cast on the matter.

ARTICLE VIII

LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no present or former director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article VIII, nor the adoption or amendment of any other provision of the charter or Bylaws inconsistent with this Article VIII, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

THIRD: These Articles of Restatement do not amend the Charter.

FOURTH: Under Section 2-608(c) of the Maryland General Corporation Law, upon any restatement of the Charter, the Corporation may omit from such restatement all provisions thereof that relate solely to a class of stock if, at the time, there are no shares of the class outstanding and the Corporation has no authority to issue any shares of such class. There are no shares of the Corporation's 8.0% Series A Convertible Cumulative Preferred Stock, Series B Junior Participating Preferred Stock, 7.625% Series C Cumulative Redeemable Preferred Stock or 7.875% Series D Cumulative Redeemable Preferred Stock outstanding and the Corporation has no authority to issue any shares of the 8.0% Series A Convertible Cumulative Preferred Stock, Series B Junior Participating Preferred Stock, 7.625% Series C Cumulative Redeemable Preferred Stock or 7.875% Series D Cumulative Redeemable Preferred Stock. All provisions in the Charter that relate solely to the Corporation's 8.0% Series A Convertible Cumulative Preferred Stock, Series B Junior Participating Preferred Stock, 7.625% Series C Cumulative Redeemable Preferred Stock and 7.875% Series D Cumulative Redeemable Preferred Stock have been omitted from the foregoing restatement of the Charter.

FIFTH: The foregoing restatement of the Charter has been approved by a majority of the entire Board of Directors.

SIXTH: The current address of the principal office of the Corporation in the State of Maryland is as set forth in Article III of the foregoing restatement of the Charter.

SEVENTH: The name and address of the Corporation's current resident agent are as set forth in Article III of the foregoing restatement of the Charter.

EIGHTH: There are currently seven (7) directors of the Corporation, and the names and classes of those directors currently in office are as follows:

Edwin Thomas Burton, III Class I
Craig M. Hatkoff Class I
Andrew W. Mathias Class I

Marc Holliday Class II
John S. Levy Class II
John H. Alschuler, Jr. Class III
Stephen L. Green Class III

NINTH: The undersigned Chief Executive Officer acknowledges these Articles of Restatement to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned Chief Executive Officer acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Restatement to be signed in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary on this 11th day of June, 2014.

ATTEST: SL GREEN REALTY CORP.

/s/ Andrew S. Levine By: /s/ Marc Holliday (SEAL)

Andrew S. Levine Marc Holliday
Secretary Chief Executive Officer

Exhibit I

Election to be subject to Section 3-804(c) of the Maryland General Corporation Law

SL GREEN REALTY CORP.

ARTICLES SUPPLEMENTARY

SL Green Realty Corp., a Maryland corporation (the "Corporation"), certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: Under a power contained in Title 3, Subtitle 8 of the Maryland General Corporation Law (the "MGCL") and in accordance with resolutions duly adopted by the Board of Directors of the Corporation (the "Board of Directors") on September 14, 2009, the Corporation elected, notwithstanding any provision in its charter or Bylaws to the contrary, to be subject to Section 3-804(c) of the MGCL, the repeal of which may be effected only by the means authorized by Section 3-802(b)(3) of the MGCL.

SECOND: The election to become subject to Section 3-804(c) of the MGCL has been approved by the Board of Directors in the manner and by the vote required by law.

THIRD: The undersigned Chief Executive Officer of the Corporation acknowledges these Articles Supplementary to be the act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned Chief Executive Officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be executed in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary this 16th day of September, 2009.

SL GREEN REALTY CORP.

By: /s/ Marc Holliday (SEAL)

Name: Marc Holliday

Title: Chief Executive Officer

ATTEST:

By: /s/ Andrew S. Levine

Name: Andrew S. Levine

Title: Secretary

Exhibit II

6.50% Series I Cumulative Redeemable Preferred Stock

SL GREEN REALTY CORP.

**ARTICLES SUPPLEMENTARY CLASSIFYING 9,200,000 SHARES OF
6.50% SERIES I CUMULATIVE REDEEMABLE PREFERRED STOCK**

SL GREEN REALTY CORP., a Maryland corporation (the “Company”), certifies to the Maryland State Department of Assessments and Taxation of Maryland (the “Department”) that:

FIRST: Pursuant to the authority expressly vested in the Board of Directors of the Company (the “Board of Directors” or the “Board”) by Article V of the Company’s charter (the “Charter”), and the Maryland General Corporation Law (the “MGCL”), the Board of Directors has, by unanimous consent adopted in writing or by electronic transmission on or as of August 5, 2012, adopted resolutions generally authorizing and approving the classification and issuance of up to 12,000,000 shares of a separate series of authorized but unissued shares of Preferred Stock, and, pursuant to the powers contained in the bylaws of the Company, as amended and restated (the “Bylaws”) and the MGCL, appointing a committee (the “Pricing Committee”) of the Board of Directors and delegating to the Pricing Committee, to the fullest extent permitted by Maryland law, the Charter and Bylaws, all powers of the Board of Directors with respect to designating and setting of the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of such series of Preferred Stock and determining the number of shares of such series of Preferred Stock (not in excess of the aforesaid maximum number of shares) to be classified and issued and the price and other terms and conditions upon which shares of such series of Preferred Stock are to be offered, sold and issued.

SECOND: Pursuant to the authority conferred upon the Pricing Committee as aforesaid, the Pricing Committee has, at a meeting held on August 7, 2012, duly adopted resolutions classifying 9,200,000 authorized but unissued shares of Preferred Stock as the aforesaid series of Preferred Stock, designating the aforesaid series of Preferred Stock as “6.50% Series I Cumulative Redeemable Preferred Stock”, setting the preferences, rights, voting powers, restrictions and limitations as to dividends, qualifications and terms and conditions of redemption of such 6.50% Series I Cumulative Redeemable Preferred Stock and authorizing the issuance of up to 9,200,000 shares of such 6.50% Series I Cumulative Redeemable Preferred Stock.

THIRD: The series of Preferred Stock created by the resolutions duly adopted by the Board of Directors of the Company and by the Pricing Committee and referred to in Articles FIRST and SECOND of these Articles Supplementary shall have the following designation, number of shares, preferences, rights, voting powers, restrictions and limitations as to dividends, qualifications, terms and conditions of redemption and other terms and conditions which, upon any restatement of the Charter, shall be made a part of Article V of the Charter, with any necessary or appropriate changes to the enumeration or lettering of sections or subsections thereof:

Section 1. Designation and Number of Shares. A series of Preferred Stock, designated as “6.50% Series I Cumulative Redeemable Preferred Stock” (the “Series I Preferred Stock”), is hereby established and the number of shares constituting such series initially shall be 9,200,000.

Section 2. Maturity. The Series I Preferred Stock shall have no stated maturity and will not be subject to any sinking fund or mandatory redemption.

Section 3. Rank. The Series I Preferred Stock shall, with respect to rights to the payment of dividends and the distribution of assets upon voluntary or involuntary liquidation, dissolution or winding-up of the Company, rank (i) senior to all classes or series of Common Stock of the Company and each other class or series of capital stock of the Company issued after the Issue Date, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the Series I Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Company (collectively, the “Junior Stock”); (ii) on a parity, in all respects, with the Series C Preferred Stock and each other class or series of capital stock of the Company issued after the Issue Date in compliance with Section 9 of these Articles Supplementary, the terms of which expressly provide that such class or series will rank on a parity with the Series I Preferred Stock as to dividend rights or rights upon the voluntary or involuntary liquidation, winding-up or dissolution of the Company (collectively, the “Parity Stock”), and (iii) junior to each class or series of capital stock of the Company issued after the Issue Date in compliance with Section 9 of these Articles Supplementary, the terms of which expressly provide that such class or series will rank senior to the Series I Preferred Stock as to dividend rights or rights upon the voluntary or involuntary liquidation, winding-up or dissolution of the Company (collectively, the “Senior Stock”).

Section 4. Definitions. As used herein, the following terms shall have the following meanings:

(A) “Accrued Dividends” means, with respect to any share of Series I Preferred Stock, as of any date, the accrued and unpaid dividends on such share (whether or not declared) from, and including, the most recent past Dividend Payment Date (or the Issue Date, if such date is prior to the first Dividend Payment Date) to, but not including, such date.

(B) “Accumulated Dividends” means, with respect to any share of Series I Preferred Stock, as of any date, the aggregate accumulated and unpaid dividends, if any, on such share (whether or not declared) from the Issue Date until the most recent past Dividend Payment Date on or prior to such date.

(C) “Board” or “Board of Directors” has the meaning given to such term in the Preamble to these Articles Supplementary.

(D) “Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law or executive order to close.

(E) “Bylaws” has the meaning given to such term in the Preamble to these Articles Supplementary.

(F) “Capital Gains Amount” has the meaning given to such term in Section 5(E).

(G) “Certificated Series I Preferred Stock” has the meaning given to such term in Section 11(A)(v).

(H) “Code” has the meaning given to such term in Section 5(E).

(I) “Common Stock” means the shares of common stock, par value \$0.01 per share, of the Company or any other shares of capital stock of the Company into which such Common Stock is reclassified or changed.

(J) “Company” has the meaning given to such term in the Preamble to these Articles Supplementary.

(K) “Dividend Parity Stock” means all classes or series of shares of capital stock of the Company ranking on a parity with the Series I Preferred Stock as to dividends.

(L) “Dividend Payment Date” has the meaning given to such term in Section 5(B).

(M) “Dividend Record Date” has the meaning given to such term in Section 5(B).

(N) “DTC” or “Depository” means The Depository Trust Company, or any successor depository.

(O) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(P) “Global Series I Preferred Stock” has the meaning given to such term in Section 11(A)(ii).

(Q) “Holder” means a holder of record of the Series I Preferred Stock.

(R) “Issue Date” means August 10, 2012.

(S) “Junior Stock” has the meaning given to such term in Section 3.

(T) “Liquidation Preference” shall mean, with respect to each share of Series I Preferred Stock, \$25.00.

(U) “NYSE” means the New York Stock Exchange.

(V) “Officer” means the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, the Secretary or any Assistant Secretary of the Company.

(W) “Officers’ Certificate” means a certificate signed by two Officers.

(X) “Parity Stock” has the meaning given to such term in Section 3.

(Y) “Parity Voting Preferred” means all series of Preferred Stock that are shares of Parity Stock upon which voting rights equivalent to those in Section 9 have been conferred and are exercisable.

(Z) “Person” means any person, including without limitation any syndicate or group, that would be deemed to be a “person” under Section 13(d)(3) of the Exchange Act and the rules of the Securities and Exchange Commission thereunder.

(AA) "Preferred Stock" has the meaning given to such term in Section 1 of Article V of the Charter.

(BB) "Preferred Stock Directors" has the meaning given to such term in Section 9(B).

(CC) "REIT" has the meaning given to such term in Section 5(F).

(DD) "Senior Stock" has the meaning given to such term in Section 3.

(EE) "Series C Preferred Stock" means the 7.625% Series C Cumulative Redeemable Preferred Stock, par value \$0.01 per share, of the Company.

(FF) "Series I Preferred Stock" has the meaning given to such term in Section 1.

(GG) "Total Dividends" has the meaning given to such term in Section 5(E).

(HH) "Transfer Agent" means Computershare Shareowner Services LLC, acting as the Company's duly appointed transfer agent, registrar and dividend disbursing agent for the Series I Preferred Stock. The Company may, in its sole discretion, remove the Transfer Agent with 10 days' prior notice to the Transfer Agent; provided that the Company shall appoint a successor Transfer Agent which shall accept such appointment prior to the effectiveness of such removal.

Section 5. Dividends.

(A) Subject to the preferential rights of holders of any class or series of capital stock of the Company ranking senior to the Series I Preferred Stock as to the payment of dividends, the Holders of the Series I Preferred Stock are entitled to receive, when, as and if declared by the Board, out of funds of the Company legally available for the payment of quarterly, cumulative preferential cash dividends, an amount per share equal to 6.50% of the Liquidation Preference per annum (equivalent to a fixed annual amount of \$1.625 per share), payable in equal amounts of \$0.40625 per share of Series I Preferred Stock quarterly.

(B) Dividends on the Series I Preferred Stock shall begin to accrue and will be fully cumulative starting from and including August 10, 2012 and shall be payable quarterly when, if and as authorized by the Board, in equal amounts in arrears on January 15, April 15, July 15 and October 15 of each year or, if not a Business Day, the next succeeding Business Day commencing October 15, 2012 (each, a "Dividend Payment Date"), and no interest or additional dividends or other sums shall accrue on the amount so payable from such date to such next succeeding Business Day. Any dividend payable on the Series I Preferred Stock for any partial dividend period that ends prior to a Dividend Payment Date will be prorated and computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to Holders as they appear in the stock records of the Company at the close of business on the applicable record date, which shall be the first day of the calendar month in which the applicable Dividend Payment Date falls or such other date designated by the Board that is not more than 30 nor less than 10 days prior to the applicable Dividend Payment Date (each, a "Dividend Record Date"). Notwithstanding any provision to the contrary contained herein, each outstanding share of Series I Preferred Stock will be entitled to receive a dividend with respect to any Dividend Record Date equal to the dividend

paid with respect to each other share of Series I Preferred Stock that is outstanding on such date. For the avoidance of doubt, notwithstanding anything to the contrary set forth in these Articles Supplementary, each share of Series I Preferred Stock issued and outstanding on the Dividend Record Date for the first Dividend Payment Date following the Issue Date shall accrue dividends from the Issue Date and shall receive the same dividend payment regardless of the date on which such share of Series I Preferred Stock was actually issued. As used herein, the term “dividend period” for the Series I Preferred Stock means the period from and including the Issue Date and ending on and excluding the next Dividend Payment Date, and each subsequent period from and including such Dividend Payment Date and ending on and excluding the next following Dividend Payment Date.

(C) No dividends on the Series I Preferred Stock shall be declared or paid or set apart for payment by the Board if such declaration, payment or setting apart for payment would violate any agreement of the Company or is restricted or prohibited by law.

(D) Notwithstanding the foregoing Section 5(C), dividends on the Series I Preferred Stock will accumulate whether or not the Company has earnings, whether or not there are funds legally available for the payment of such dividends, whether or not such dividends are prohibited by the terms of the Company’s or its subsidiaries’ agreements, and whether or not such dividends are declared. Accumulated but unpaid dividends on the Series I Preferred Stock will not bear interest and Holders will not be entitled to any dividends (whether payable in cash, property or shares of any class or series of capital stock (including Series I Preferred Stock)) in excess of the full cumulative dividends described above. Any dividend payment made on the Series I Preferred Stock shall first be credited against the earliest accumulated but unpaid dividend due with respect to such shares that remains payable.

(E) If, for any taxable year, the Company elects to designate as “capital gain dividends” (as defined in Section 857 of the Internal Revenue Code of 1986, as amended (the “Code”)) any portion (the “Capital Gains Amount”) of the total dividends (as determined for federal income tax purposes) paid or made available for the year to holders of all classes of shares of capital stock (the “Total Dividends”), then the portion of the Capital Gains Amount that shall be allocable to the Holders shall be the same proportion that the total dividends (as determined for federal income tax purposes) paid or made available to the Holders for the year bears to the Total Dividends. The Company will make a similar allocation for each taxable year with respect to any undistributed long-term capital gains of the Company that are to be included in its stockholders’ long-term capital gains, based on the allocation of the Capital Gains Amount that would have resulted if such undistributed long-term capital gains had been distributed as “capital gains dividends” by the Company to its stockholders.

(F) Subject to Section 5(G), no dividends or other distributions (other than a dividend or distribution payable solely in Parity Stock or Junior Stock (in the case of Parity Stock) or Junior Stock (in the case of Junior Stock) and cash in lieu of fractional shares) will be declared, made or paid or set apart for payment and no other distribution of cash or other property will be declared or made on any Parity Stock or Junior Stock, nor may any Parity Stock or Junior Stock be redeemed, purchased or otherwise acquired for any consideration (or any money paid to or made available for a sinking fund for the redemption of any Parity Stock or Junior Stock) by the Company or on its

behalf (except by conversion into or exchange for Parity Stock or Junior Stock (in the case of Parity Stock) or Junior Stock (in the case of Junior Stock)) unless full Accumulated Dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment on the Series I Preferred Stock and any Dividend Parity Stock for all dividend periods ending on or prior to the date of such declaration, payment, set apart, redemption, purchase or acquisition; provided, that the foregoing restriction will not limit the acquisition of Parity Stock or Junior Stock solely to the extent necessary to preserve the Company's qualification as a real estate investment trust for U.S. federal income tax purposes (a "REIT").

(G) Notwithstanding the limitations of Section 5(F), when dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series I Preferred Stock and all Dividend Parity Stock, all dividends declared upon the Series I Preferred Stock and any Dividend Parity Stock shall be declared and paid pro rata so that the amount of dividends declared and paid per share of Series I Preferred Stock and such Dividend Parity Stock shall in all cases bear to each other the same ratio that Accumulated Dividends per share of Series I Preferred Stock and accumulated dividends per such other Dividend Parity Stock (which shall not include any accumulation in respect of unpaid dividends for prior dividend periods if such Dividend Parity Stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, will be payable in respect of any dividend payment or payments on the Series I Preferred Stock which may be in arrears.

Section 6. Liquidation Preference.

(A) Upon any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the Company, the Holders shall be entitled to receive out of the assets of the Company legally available for distribution to its stockholders remaining after payment or provisions for payment of all of the Company's debts and other liabilities, in cash or property at its fair market value as determined by the Board, the Liquidation Preference, plus an amount equal to any Accumulated Dividends and Accrued Dividends (whether or not earned or declared) to (but not including) the date of payment, before any distribution of assets is made to holders of the Junior Stock, but subject to the preferential rights of the holders of any class or series of Senior Stock. Upon the payment in full of such liquidation preference and all such Accumulated Dividends and Accrued Dividends, the Holders will have no right or claim to any remaining assets of the Company.

(B) If, upon any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the Company, the assets of the Company legally available for distribution shall be insufficient to make the full payment due to the Holders and the corresponding amounts payable on all outstanding shares of Parity Stock (including, if applicable, Accumulated Dividends and Accrued Dividends), then all of the assets available for distribution to the Holders shall be distributed among and paid to the Holders ratably in proportion to the respective amounts that would be payable to such Holders if such assets were sufficient to permit payment in full; provided that all such distributions and payments to the Holders shall be made on a *pari passu* basis with the holders of the Parity Stock.

(C) For the purposes of this Section 6, the consolidation or merger of the Company with or into any other entity, a statutory stock exchange by the Company, or the voluntary sale,

lease or conveyance of all or substantially all of the property or business of the Company, shall not be deemed to constitute a liquidation, dissolution or winding-up of the affairs of the Company.

(D) The Company shall provide the Holders with notice of any event triggering the right to receive a distribution upon a liquidation, dissolution or winding up of the affairs of the Company not less than 30 calendar days nor more than 60 calendar days prior to the applicable distribution payment date.

(E) The liquidation preference of the outstanding shares of Series I Preferred Stock will not be added to the liabilities of the Company for the purpose of determining whether under the Maryland General Corporation Law a distribution may be made to stockholders of the Company whose preferential rights upon dissolution of the Company are junior to those of holders of the Series I Preferred Stock.

Section 7. Conversion. The Series I Preferred Stock is not convertible into or exchangeable for any other property or securities of the Company.

Section 8. Redemption.

(A) Redemption by Holders. Shares of Series I Preferred Stock are not redeemable at any time at the option of the holders thereof.

(B) Redemption by the Company.

(i) Redemption Right.

(a) The Series I Preferred Stock shall not be subject to any sinking fund or mandatory redemption. Except as otherwise set forth herein, shares of Series I Preferred Stock are not redeemable prior to August 10, 2017, except that the Company will be entitled, pursuant to Article VI of the Charter and these Articles Supplementary, to redeem, purchase or acquire shares of the Series I Preferred Stock in order to ensure that the Company remains a qualified REIT.

(b) On or after August 10, 2017, the Company, at its option, upon giving notice as provided below, may redeem the Series I Preferred Stock, in whole or from time to time in part, at a redemption price per share in cash equal to \$25.00 plus (except as provided in Section 8(B)(ii)(d) below) all dividends accumulated and unpaid (whether or not earned or authorized) on such Series I Preferred Stock to but not including the date of such redemption. Any date fixed for redemption pursuant to this Section 8 is referred to herein as a "Redemption Date".

(ii) Limitations on Redemption.

(a) If fewer than all of the outstanding shares of Series I Preferred Stock are to be redeemed at the option of the Company pursuant to Section 8(B)(i) above, the number of shares to be redeemed shall be determined by the Board and the shares to be redeemed will be selected by the Board pro rata from the holders of record of such shares in proportion to the number of such shares held by such holders or by lot or by any other equitable manner as prescribed by the Board. If such redemption is to be by lot and, as a result of such redemption, any holder of shares of Series I Preferred Stock would Beneficially Own or Constructively Own, in excess of 20% (in value or in number of shares, whichever is more restrictive) of the issued and outstanding shares of Series I Preferred Stock or 9.0% in value of all outstanding Capital Stock of the Company, as the case may be, because such holder's shares of Series I Preferred Stock were not redeemed, or were only redeemed in part, then, except as otherwise provided in the Charter, the Company will redeem the requisite number of shares of Series I Preferred Stock from such holder such that he will not hold in excess of the Ownership Limit or the Aggregate Ownership Limit subsequent to such redemption.

(b) Notwithstanding anything to the contrary contained herein, unless full cumulative dividends on all shares of Series I Preferred Stock shall have been or contemporaneously are authorized, declared and paid or authorized, declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods, no shares of Series I Preferred Stock shall be redeemed unless all outstanding shares of Series I Preferred Stock are simultaneously redeemed or exchanged; provided, however, that the foregoing shall not prevent the purchase or acquisition of shares of Series I Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series I Preferred Stock. In addition, unless full cumulative dividends on all outstanding shares of Series I Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods, the Company shall not purchase or otherwise acquire directly or indirectly any shares of Series I Preferred Stock or any other class or series of capital stock of the Company ranking junior to or on a parity with the Series I Preferred Stock as to the payment of dividends or the distributions of assets upon any liquidation, dissolution or winding up of the Company (except by conversion into or exchange for shares of any class or series of capital stock of the Company ranking junior to the Series I Preferred Stock as to the payment of dividends or the distribution of assets upon any liquidation, dissolution or winding up of the Company or by redemption for the purposes of maintaining the Company's qualification as a REIT).

(c) The foregoing provisions of subsections 8(B)(ii)(a) and (b) shall not prevent any other action by the Company pursuant to Article VI of the Charter, these Articles Supplementary, or otherwise in order to ensure that the Company remains qualified as a REIT.

(d) Immediately prior to any redemption of shares of Series I Preferred Stock, the Company shall pay, in cash, any accumulated and unpaid dividends

to but not including the Redemption Date, unless such Redemption Date falls after a Dividend Record Date and on or prior to the corresponding Dividend Payment Date, in which case each holder of Series I Preferred Stock at the close of business on such Dividend Record Date shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the redemption of such shares on or prior to such Dividend Payment Date. Except as provided above, the Company will make no payment or allowance for unpaid dividends, whether or not in arrears, on Series I Preferred Stock for which a notice of redemption has been given.

(iii) Procedures for Redemption.

(a) Notice of redemption shall be (i) given by publication in a newspaper of general circulation in the City of New York, such publication to be made once a week for two successive weeks commencing not less than 30 nor more than 60 days prior to the Redemption Date; and (ii) delivered, not less than 30 nor more than 60 days prior to the Redemption Date, to each holder of record of shares of Series I Preferred Stock to be redeemed, notifying such holder of the Company's election to redeem such shares; provided that if the Company shall have reasonably concluded, based upon the advice of independent tax counsel experienced in such matters, that any redemption made pursuant to this Section 8 must be made on a date (the "Subject Date") which is earlier than 30 days after the date of such mailing in order to preserve the status of the Company as a REIT or to comply with federal tax laws relating to the Company's qualification as a REIT, then the Company may give such shorter notice as is necessary to effect such redemption on the Subject Date. Such notice shall be delivered at such holder's address as the same appears on the stock transfer records of the Company, or by publication in a newspaper of general circulation in the City of New York. If the Company elects to provide such notice by publication, it shall also promptly mail notice of such redemption to the holders of the shares of Series I Preferred Stock to be redeemed. No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of Series I Preferred Stock except as to the holder to whom notice was defective or not given. Any notice that was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder received the notice.

(b) In addition to any information required by law or by the applicable rules of any exchange upon which the Series I Preferred Stock may be listed or admitted to trading, such notice of redemption shall state: (i) the Redemption Date, (ii) the cash redemption price per share of Series I Preferred Stock, (iii) the number of shares to be redeemed (and, if fewer than all the share of Series I Preferred Stock are to be redeemed from such holder, the number of shares to be redeemed from such holder), (iv) the place or places where certificates for such shares of Series I Preferred Stock are to be surrendered for payment of the redemption price in cash and (v) that dividends on the shares to be redeemed will cease to accumulate on such Redemption Date.

(c) On or after the Redemption Date, each holder

of shares of Series I Preferred Stock to be redeemed shall present and surrender the certificates representing his shares of Series I Preferred Stock to the Company at the place designated in the notice of redemption and thereupon the cash redemption price of such shares shall be paid to or on the order of the person whose name appears on such certificate representing shares of Series I Preferred Stock as the owner thereof and each surrendered certificate shall be canceled. If fewer than all the shares represented by any such certificate representing shares of Series I Preferred Stock are to be redeemed, a new certificate shall be issued representing the unredeemed shares.

(d) If notice of redemption has been mailed or published in accordance with Sections 8(B)(iii)(a) and (b) above and if the funds necessary for such redemption have been set aside by the Company in trust for the benefit of the holders of the Series I Preferred Stock so called for redemption, then from and after the Redemption Date (unless the Company defaults in payment of the redemption price), all dividends on the shares of Series I Preferred Stock called for redemption in such notice shall cease to accumulate and all rights of the holders thereof, except the right to receive the redemption price thereof (including all accumulated and unpaid dividends up to the Redemption Date), shall cease and terminate and such shares shall not thereafter be transferred (except with the consent of the Company) on the Company's books, and such shares shall not be deemed to be outstanding for any purpose whatsoever. At its election, the Company, prior to a Redemption Date, may irrevocably deposit the redemption price (including accumulated and unpaid dividends) of the Series I Preferred Stock so called for redemption in trust for the holders thereof with a bank or trust company, in which case the redemption notice to holders of the shares of Series I Preferred Stock to be redeemed shall (i) state the date of such deposit, (ii) specify the office of such bank or trust company as the place of payment of the redemption price and (iii) require such holders to surrender the certificates representing such shares at such place on or about the date fixed in such redemption notice (which may not be later than the Redemption Date) against payment of the redemption price (including all accumulated and unpaid dividends to the Redemption Date). Any interest or other earnings earned on the redemption price (including accumulated and unpaid dividends) deposited with a banking or trust company shall be paid to the Company. Any monies so deposited which remain unclaimed by the holders of Series I Preferred Stock at the end of two years after the Redemption Date shall be returned by such bank or trust company to the Company.

(iv) Status of Redeemed Shares.

Any shares of Series I Preferred Stock that shall at any time have been redeemed shall, after such redemption, have the status of authorized but unissued Preferred Stock, without designation as to class or series until such shares are once more designated as part of a particular class or series by the Board.

Section 9. Voting Rights.

(A) The Holders of the Series I Preferred Stock shall not have any relative, participating, optional or other voting rights except as set forth in this Section 9.

(B) Whenever dividends on the Series I Preferred Stock shall be in arrears for six or more quarterly periods, whether or not such quarterly periods are consecutive, the number of

directors then constituting the Board will increase by two (if not already increased by reason of a similar arrearage with respect to any Parity Voting Preferred) and the Holders (voting together as a single class with holders of all Parity Voting Preferred) will be entitled to vote for the election of a total of two additional directors of the Company (the "Preferred Stock Directors") at a special meeting called by the Holders of at least 25% of the shares of Series I Preferred Stock or by holders of any such other series of Parity Voting Preferred (unless such request is received less than 90 days before the date fixed for the next annual meeting of stockholders) or at the next annual meeting of stockholders, and at each subsequent annual meeting until all dividends accumulated on the Series I Preferred Stock and such Parity Voting Preferred for the then current dividend period either have been fully paid or have been declared and a sum sufficient for the payment thereof set aside for payment. The voting rights set forth in this Section 9(B) and the terms of the Preferred Stock Directors will continue until such time as the dividend arrearage on the Series I Preferred Stock and such Parity Voting Preferred has been paid in full and the dividend for the then current dividend period shall have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment. Upon the termination of such voting rights, the term of office for any Preferred Stock Directors will terminate and the size of the Board will decrease accordingly. The voting rights provided by this Section 9(B) will re-vest in the event that dividends on any shares of Series I Preferred Stock are once again in arrears for six or more quarterly dividends (whether or not consecutive).

(C) The Preferred Stock Directors will be elected by a plurality of the votes cast in the election for a one-year term, and each Preferred Stock Director will serve until his or her successor is duly elected and qualifies or until the director's right to hold the office terminates, whichever occurs earlier. If there is a vacancy in the office of a Preferred Stock Director, then the vacancy shall be filled by the remaining director so elected then in office or, if there is no such remaining director, by a vote of the Holders of a majority of the outstanding shares of Series I Preferred Stock when they are entitled to the voting rights described above (voting together as a single class with all series of Parity Voting Preferred). Each Preferred Stock Director will be entitled to one vote (two votes in the aggregate for the Preferred Stock Directors) on any matter with respect to which the Board votes.

(D) Any Preferred Stock Director may be removed at any time with or without cause by, and shall not be removed otherwise than by the vote of, the Holders of a majority of the outstanding shares of Series I Preferred Stock when they are entitled to the voting rights described above (voting together as a single class with all series of Parity Voting Preferred).

(E) So long as any shares of Series I Preferred Stock remain outstanding, the Company shall not, without the affirmative vote or consent of the Holders of at least two-thirds of the shares of Series I Preferred Stock outstanding at the time given in person or by proxy, either in writing or at a meeting (such shares of Series I Preferred Stock voting together as a single class with holders of all Parity Voting Preferred) (i) authorize, create or issue, or increase the authorized or issued amount of, any Senior Stock, or reclassify any authorized capital stock of the Company into Senior Stock, or create, authorize or issue any obligation or security convertible or exchangeable into or evidencing the right to purchase any Senior Stock or (ii) amend, alter or repeal any provisions of these Articles Supplementary or the Charter in any manner (whether by merger, consolidation or otherwise) (an "Event") that materially and adversely affects any right, preference, privilege or

voting power of the Series I Preferred Stock or its Holders; provided, however, with respect to the occurrence of any of the Events set forth in clause (ii) above, so long as shares of Series I Preferred Stock remain outstanding or are converted into like securities of the surviving or resulting entity, in each case with like preference, privilege or voting power and terms thereof materially unchanged, taking into account that, upon the occurrence of an Event, the Company may not be the surviving entity and such surviving entity may be a non-corporate entity, the occurrence of any such Event shall not be deemed to materially adversely affect such rights, preferences, privileges or voting powers of holders of Series I Preferred Stock; and provided further that (x) any increase in the amount of the authorized shares of Preferred Stock or the creation or issuance of any other series of Preferred Stock, or (y) the creation, issuance or increase in the amount of authorized shares of any other class or series of capital stock of the Corporation, or (z) any increase in the amount of authorized shares of Series I Preferred Stock, in each case ranking on a parity with or junior to the Series I Preferred Stock with respect to the payment of dividends and the distribution of assets upon voluntary or involuntary liquidation, dissolution or winding up of the Company, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers. Notwithstanding the foregoing, holders of any Parity Voting Preferred shall not be entitled to vote together as a class with the Holders of Series I Preferred Stock on any amendment, alteration or repeal of the Charter if the Holders of the Series I Preferred Stock are affected unequally by such amendment, alteration or repeal.

(F) In all cases in which the Holders shall be entitled to vote, each share of Series I Preferred Stock shall be entitled to one vote, unless the outstanding Parity Voting Preferred has similar vested and continuing voting rights, in which case the number of votes that each share of Series I Preferred Stock and any Parity Voting Preferred participating in the votes described above shall have shall be one vote for each \$25.00 of liquidation preference.

(G) In addition, the Holders will not have any voting rights with respect to, and the consent of the Holders is not required for, the taking of any corporate action, including any merger or consolidation involving the Company or a sale of all or substantially all of the Company's assets, regardless of the effect that such merger, consolidation or sale may have upon the powers, preferences, voting power or other rights or privileges of the Series I Preferred Stock, except as set forth in Section 9(E)(ii). Except as expressly set forth herein, the Series I Preferred Stock shall not have any relative, participatory, optional or other special voting rights and powers.

(H) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series I Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

Section 10. Ownership Limitations. Notwithstanding Article VI of the Charter, the provisions of this Section 10 shall apply with respect to the limitations on the ownership and acquisition of shares of Series I Preferred Stock.

(A) Restriction on Ownership and Transfer.

(i) Except as provided in Section 10(H), (a) no Person shall Beneficially Own or Constructively Own shares of Series I Preferred Stock in excess of the

Ownership Limit and (b) no Person shall Acquire any shares of Series I Preferred Stock if, as the result of such Acquisition, such Person shall Beneficially Own or Constructively Own shares of Series I Preferred Stock in excess of the Ownership Limit;

(ii) Except as provided in Section 10(H), no Person shall Beneficially Own or Constructively Own any shares of Series I Preferred Stock such that such Person would Beneficially Own or Constructively Own Capital Stock in excess of the Aggregate Stock Ownership Limit;

(iii) Except as provided in Section 10(H), any Acquisition (whether or not such Acquisition is the result of a transaction entered into through the facilities of the New York Stock Exchange, Inc. (the "NYSE")) that, if effective, would result in any Person Beneficially Owning Series I Preferred Stock in excess of the Ownership Limit shall be void *ab initio* as to the Acquisition of such Series I Preferred Stock which would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit; and the intended transferee shall acquire no rights in such Series I Preferred Stock;

(iv) Except as provided in Section 10(H), any Acquisition (whether or not such Acquisition is the result of a transaction entered into through the facilities of the NYSE) that, if effective, would result in any Person Constructively Owning Series I Preferred Stock in excess of the Ownership Limit shall be void *ab initio* as to the Acquisition of such Series I Preferred Stock which would be otherwise Constructively Owned by such Person in excess of the Ownership Limit; and the intended transferee shall acquire no rights in such Series I Preferred Stock; and

(v) Notwithstanding any other provisions contained in this Section 10, any Transfer (whether or not such Transfer is the result of a transaction entered into through the facilities of the NYSE) or other event that, if effective, would result in the Company being "closely held" within the meaning of Section 856(h) of the Code, or would otherwise result in the Company failing to qualify as a REIT (including, but not limited to, a Transfer or other event that would result in the Company owning (directly or Constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Company from such tenant would cause the Company to fail to satisfy any of the gross income requirements of Section 856(c) of the Code) shall be void *ab initio* as to the Transfer of the Series I Preferred Stock or other event which would cause the Company to be "closely held" within the meaning of Section 856(h) of the Code or would otherwise result in the Company failing to qualify as a REIT; and the intended transferee or owner or Constructive or Beneficial Owner shall acquire or retain no rights in such Series I Preferred Stock.

(B) Conversion Into and Exchange For Series I Excess Preferred Stock. If, notwithstanding the other provisions contained in this Section 10, at any time after the date on which shares of Series I Preferred Stock are first issued (the "Issue Date"), there is a purported Transfer or Acquisition (whether or not such Transfer or Acquisition is the result of a transaction entered into through the facilities of the NYSE), change in the capital structure of the Company or other event such that one or more of the restrictions on ownership and transfers described in Section 10(A) above, has been violated, then the Series I Preferred Stock being Transferred or Acquired (or in the case of an event other than a Transfer or Acquisition, the Series I Preferred Stock owned or

Constructively Owned or Beneficially Owned or, if the next sentence applies, the Series I Preferred Stock identified in the next sentence) which would cause one or more of the restrictions on ownership or transfer to be violated (rounded up to the nearest whole share) shall be automatically converted into an equal number of shares of Excess Stock (as defined in Section 1 of Article V of the Charter) (the "Series I Excess Preferred Stock"). If at any time of such purported Transfer or Acquisition or other event any of the shares of the Series I Preferred Stock are then owned by a depository to permit the trading of beneficial interests in fractional shares of Series I Preferred Stock, then shares of Series I Preferred Stock that shall be converted to Series I Excess Preferred Stock shall be first taken from any Series I Preferred Stock that is not in such depository that is Beneficially Owned or Constructively Owned by the Person whose Beneficial Ownership or Constructive Ownership would otherwise violate the restrictions of Section 10(A) prior to converting any shares in such depository. Any conversion pursuant to this subparagraph shall be effective as of the close of business on the Business Day prior to the date of such Transfer or other event.

(C) Remedies For Breach. If the Board or its designees shall at any time determine in good faith that a Transfer or other event has taken place in violation of Section 10(A) or that a Person intends to Transfer or Acquire, has attempted to Transfer or Acquire or may Transfer or Acquire direct ownership, beneficial ownership (determined without reference to any rules of attribution), Beneficial Ownership or Constructive Ownership of any shares of the Company in violation of Section 10(A), the Board or its designees shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer, Acquisition or other event, including, but not limited to, causing the Company to purchase such shares upon the terms and conditions specified by the Board in its sole discretion, refusing to give effect to such Transfer, Acquisition or other event on the books of the Company or instituting proceedings to enjoin such Transfer, Acquisition or other event; provided, however, that any Transfer or Acquisition (or, in the case of events other than a Transfer or Acquisition, ownership or Constructive Ownership or Beneficial Ownership) in violation of Section 10(A) shall automatically result in the conversion described in Section 10(A), irrespective of any action (or non-action) by the Board.

(D) Notice of Restricted Transfer. Any Person who Acquires or attempts to Acquire or Beneficially Owns or Constructively Owns shares of Series I Preferred Stock in excess of the aforementioned limitations, or any Person who is or attempts to become a transferee such that Series I Excess Preferred Stock results under the provisions of these Articles, shall immediately give written notice or, in the event of a proposed or attempted Transfer, give at least 15 days prior written notice to the Company of such event and shall provide to the Company such other information as it may request in order to determine the effect of any such Transfer on the Company's status as a REIT.

(E) Owners Required To Provide Information. From and after the Issue Date, each Person who is a beneficial owner or Beneficial Owner or Constructive Owner of Series I Preferred Stock and each Person (including the stockholder of record) who is holding Series I Preferred Stock for a Beneficial Owner or Constructive Owner shall provide to the Company such information that the Company may request, in good faith, in order to determine the Company's status as a REIT.

(F) Remedies Not Limited. Nothing contained in this Section 10 (but subject to Section 10(L)) shall limit the authority of the Board to take such other action as it deems necessary or advisable to protect the Company and the interests of its stockholders by preservation of the

Company's status as a REIT, to comply with requirements of any taxing authority or governmental authority or to determine such compliance.

(G) Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 10, including any definition contained in Section 10(M), the Board shall have the power to determine the application of the provisions of this Section 10 with respect to any situation based on the facts known to it (subject, however, to the provisions of Section 10(L)).

(H) Exceptions.

(i) Subject to Section 10(A)(iv), the Board, in its sole and absolute discretion, with the advice of the Company's tax counsel, may exempt a Person from the limitation on a Person Acquiring or Beneficially Owning Series I Preferred Stock in excess of the Ownership Limit or Beneficially Owning Series I Preferred Stock in excess of the Aggregate Stock Ownership Limit if (i) such Person is not an individual for purposes of Section 542(a)(2) of the Code and the Board obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no individual will as a result thereof Beneficially Own Series I Preferred Stock in excess of the Ownership Limit or the Aggregate Stock Ownership Limit, (ii) such Person agrees that any violation of such representations or undertaking (or other action which is contrary to the restrictions contained in this Section 10) or attempted violation will result in such Series I Preferred Stock being exchanged for Series I Excess Preferred Stock in accordance with Section 10(B), and (iii) the Board otherwise decides that such action is in the Company's best interest.

(ii) Subject to Section 10(A)(iv), the Board, in its sole and absolute discretion, with advice of the Company's tax counsel, may exempt a Person from the limitation on a Person Acquiring or Constructively Owning Series I Preferred Stock in excess of the Ownership Limit or Constructively Owning Series I Preferred Stock in excess of the Aggregate Stock Ownership Limit if (i) the Board obtains such representations and undertakings from such Person as it deems appropriate with respect to the ownership by such Person (directly or constructively by virtue of the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code) in any tenant of the Company and such Person agrees that any violation or attempted violation will result in such Series I Preferred Stock Constructively Owned in excess of the Ownership Limit or in excess of the Aggregate Stock Ownership Limit being exchanged for Series I Excess Preferred Stock in accordance with Section 10(B), and (ii) the Board otherwise decides that such action is in the Company's best interest.

(iii) Prior to granting any exception pursuant to Section 10(H)(i) or 10(H)(ii), the Board may require a ruling from the IRS, or an opinion of counsel, in either case in form and substance satisfactory to the Board, in its sole discretion as it may deem necessary or advisable in order to determine or ensure the Company's status as a REIT; provided, however, that obtaining a favorable ruling or opinion shall not be required for the Board to grant an exception hereunder.

(iv) For the avoidance of doubt, references in this Section 10(H) to the "Board" shall be deemed to include not only the Board but also any duly authorized committee thereof.

(I) Legend. Each certificate for Series I Preferred Stock shall bear substantially the following legend:

THE COMPANY WILL FURNISH TO ANY STOCKHOLDER, ON REQUEST AND WITHOUT CHARGE, A FULL STATEMENT OF THE INFORMATION REQUIRED BY SECTION 2-211(b) OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE OF THE ANNOTATED CODE OF MARYLAND WITH RESPECT TO THE DESIGNATIONS AND ANY PREFERENCES, CONVERSION AND OTHER RIGHTS, VOTING POWERS, RESTRICTIONS, LIMITATIONS AS TO DIVIDENDS AND OTHER DISTRIBUTIONS, QUALIFICATIONS, AND TERMS AND CONDITIONS OF REDEMPTIONS OF THE STOCK OF EACH CLASS WHICH THE COMPANY HAS AUTHORITY TO ISSUE AND, IF THE COMPANY IS AUTHORIZED TO ISSUE ANY PREFERRED OR SPECIAL CLASS IN SERIES, (I) THE DIFFERENCES IN THE RELATIVE RIGHTS AND PREFERENCES BETWEEN THE SHARES OF EACH SERIES TO THE EXTENT SET, AND (II) THE AUTHORITY OF THE BOARD TO SET SUCH RIGHTS AND PREFERENCES OF SUBSEQUENT SERIES. THE FOREGOING SUMMARY DOES NOT PURPORT TO BE COMPLETE AND IS SUBJECT TO AND QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE CHARTER OF THE COMPANY INCLUDING ALL AMENDMENTS AND SUPPLEMENTS THERETO (THE "CHARTER"), A COPY OF WHICH WILL BE SENT WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS. SUCH REQUEST MUST BE MADE TO THE SECRETARY OF THE COMPANY AT ITS PRINCIPAL OFFICE OR TO THE TRANSFER AGENT.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON OWNERSHIP AND TRANSFER FOR THE PURPOSE OF THE COMPANY'S MAINTENANCE OF ITS STATUS AS A REAL ESTATE INVESTMENT TRUST UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (A "REIT"). EXCEPT AS OTHERWISE PROVIDED PURSUANT TO THE CHARTER OF THE COMPANY, NO PERSON MAY (I) BENEFICIALLY OWN OR CONSTRUCTIVELY OWN SHARES OF SERIES I PREFERRED STOCK IN EXCESS OF 20% (IN VALUE OR IN NUMBER OF SHARES, WHICHEVER IS MORE RESTRICTIVE) OF THE OUTSTANDING SERIES I PREFERRED STOCK OF THE COMPANY OR (II) BENEFICIALLY OWN OR CONSTRUCTIVELY OWN ANY SHARES OF SERIES I PREFERRED STOCK SUCH THAT SUCH PERSON WOULD BENEFICIALLY OWN OR CONSTRUCTIVELY OWN CAPITAL STOCK IN EXCESS OF 9% IN VALUE OF THE AGGREGATE OF THE OUTSTANDING SHARES OF CAPITAL STOCK OF THE COMPANY. ANY PERSON WHO ACQUIRES OR ATTEMPTS TO ACQUIRE OR BENEFICIALLY OWNS OR CONSTRUCTIVELY OWNS SHARES OF SERIES I PREFERRED STOCK IN EXCESS OF THE AFOREMENTIONED LIMITATIONS, OR ANY PERSON WHO IS OR ATTEMPTS TO BECOME A TRANSFEREE SUCH THAT SERIES I EXCESS PREFERRED STOCK WOULD RESULT UNDER THE PROVISIONS OF THE CHARTER, SHALL IMMEDIATELY GIVE WRITTEN NOTICE OR, IN THE EVENT OF A PROPOSED OR ATTEMPTED TRANSFER, GIVE AT LEAST 15 DAYS PRIOR WRITTEN NOTICE TO THE COMPANY OF SUCH EVENT AND SHALL PROVIDE TO THE COMPANY SUCH OTHER INFORMATION AS IT MAY REQUEST IN ORDER TO DETERMINE THE EFFECT OF ANY SUCH TRANSFER ON THE COMPANY'S STATUS AS A REIT. ALL CAPITALIZED TERMS

IN THIS LEGEND HAVE THE MEANINGS DEFINED IN THE CHARTER OF THE COMPANY, A COPY OF WHICH, INCLUDING THE RESTRICTIONS ON TRANSFER, WILL BE SENT TO ANY STOCKHOLDER ON REQUEST AND WITHOUT CHARGE. TRANSFERS IN VIOLATION OF THE RESTRICTIONS DESCRIBED ABOVE SHALL BE VOID *AB INITIO*. IF THE RESTRICTIONS ON OWNERSHIP AND TRANSFER ARE VIOLATED, THE SECURITIES REPRESENTED HEREBY WILL BE DESIGNATED AND TREATED AS SHARES OF SERIES I EXCESS PREFERRED STOCK WHICH WILL BE HELD IN TRUST BY THE COMPANY. THE FOREGOING SUMMARY DOES NOT PURPORT TO BE COMPLETE AND IS SUBJECT TO AND QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE CHARTER, A COPY OF WHICH, INCLUDING THE RESTRICTIONS ON TRANSFER, WILL BE SENT WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS. SUCH REQUEST MUST BE MADE TO THE SECRETARY OF THE COMPANY AT ITS PRINCIPAL OFFICE OR TO THE TRANSFER AGENT.

(J) Severability. If any provision of this Section 10 or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

(K) Series I Excess Preferred Stock.

(i) Ownership In Trust. Upon any purported Transfer (whether or not such Transfer is the result of a transaction entered into through the facilities of the NYSE) that results in the issuance of Series I Excess Preferred Stock pursuant to Section 10(B), such Series I Excess Preferred Stock shall be deemed to have been transferred to the Company, as Trustee of a Trust for the exclusive benefit of such Charitable Beneficiary or Beneficiaries to whom an interest in such Series I Excess Preferred Stock may later be transferred pursuant to Section 10(K)(iv). Series I Excess Preferred Stock so held in trust shall be issued and outstanding shares of stock of the Company. The Purported Record Transferee shall have no rights in such Series I Excess Preferred Stock except the right to designate a transferee of such Series I Excess Preferred Stock upon the terms specified in Section 10(K)(iv). The Purported Beneficial Transferee shall have no rights in such Series I Excess Preferred Stock except as provided in this Section 10.

(ii) Dividend Rights. Series I Excess Preferred Stock will be entitled to dividends and distributions authorized and declared with respect to the Series I Preferred Stock from which the Series I Excess Preferred Stock was converted and will be payable to the Trustee of the Trust in which such Series I Excess Preferred Stock is held, for the benefit of the Charitable Beneficiary. Dividends and distributions will be authorized and declared with respect to each share of Series I Excess Preferred Stock in an amount equal to the dividends and distributions authorized and declared on each share of Series I Preferred Stock from which the Series I Excess Preferred Stock was converted. Any dividend or distribution paid prior to the discovery by the Company that Series I Preferred Stock has been transferred in violation of the provisions of the Articles shall be repaid by the Purported Record Transferee to the Trustee upon demand. The Company shall rescind any dividend or distribution authorized and declared but unpaid as void *ab initio* with respect to the Purported Record Transferee, and the Company shall pay such dividend or distribution when due to the Trustee of the Trust for the benefit of the Charitable Beneficiary.

(iii) *Rights Upon Liquidation.* In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any other distribution of all or substantially all of the assets of the Company, each holder of shares of Series I Excess Preferred Stock shall be entitled to receive, in the case of Series I Excess Preferred Stock converted from Series I Preferred Stock, ratably with each other holder of Series I Preferred Stock and Series I Excess Preferred Stock converted from Series I Preferred Stock, that portion of the assets of the Company available for distribution to its stockholders as the number of shares of the Series I Excess Preferred Stock held by such holder bears to the total number of shares of Series I Preferred Stock and Series I Excess Preferred Stock then outstanding (in the case of Series I Excess Preferred Stock converted from Series I Preferred Stock). Any liquidation distributions to be distributed with respect to Series I Excess Preferred Stock shall be distributed in the same manner as proceeds from the sale of Series I Excess Preferred Stock are distributed as set forth in Section 10(K)(iv).

(iv) *Non-Transferability of Excess Stock.* Series I Excess Preferred Stock shall not be transferable. In its sole discretion, the Trustee of the Trust may transfer the interest in the Trust representing shares of Series I Excess Preferred Stock to any Person if the shares of Series I Excess Preferred Stock would not be Series I Excess Preferred Stock in the hands of such Person. If such transfer is made, the interest of the Charitable Beneficiary in the Series I Excess Preferred Stock shall terminate and the proceeds of the sale shall be payable by the Trustee to the Purported Record Transferee and the Charitable Beneficiary as herein set forth. The Purported Record Transferee shall receive from the Trustee the lesser of (i) the price paid by the Purported Record Transferee for its shares of Series I Preferred Stock that were converted into Series I Excess Preferred Stock or, if the Purported Record Transferee did not give value for such shares (e.g. the stock was received through a gift, devise or other transaction), the average closing price for the class of shares from which such shares of Series I Excess Preferred Stock were converted for the ten trading days immediately preceding such sale or gift and (ii) the price received by the Trustee from the sale or other disposition of the Series I Excess Preferred Stock held in trust. The Trustee may reduce the amount payable to the Purported Record Transferee by the amount of dividends and distributions which have been paid to the Purported Record Transferee and are owed by the Purported Record Transferee to the Trustee pursuant to Section 10(K)(i). Any proceeds in excess of the amount payable to the Purported Record Transferee shall be paid by the Trustee to the Charitable Beneficiary. Upon such transfer of an interest in the Trust, the corresponding shares of Series I Excess Preferred Stock in the Trust shall be automatically exchanged for an equal number of shares of Series I Preferred Stock and such shares of Series I Preferred Stock shall be transferred of record to the transferee of the interest in the Trust if such shares of Series I Preferred Stock would not be Series I Excess Preferred Stock in the hands of such transferee. Prior to any transfer of any interest in the Trust, the Company must have waived in writing its purchase rights under Section 10(K)(vi).

(v) *Voting Rights for Series I Excess Preferred Stock.* Any vote cast by a Purported Record Transferee of Series I Excess Preferred Stock prior to the discovery by the Company that Series I Preferred Stock has been transferred in violation of the provisions of these Articles shall be void *ab initio*. While the Series I Excess Preferred Stock is held in trust, the Purported Record Transferee will be deemed to have given an irrevocable proxy to the Trustee to

vote the shares of Series I Preferred Stock which have been converted into shares of Series I Excess Preferred Stock for the benefit of the Charitable Beneficiary.

(vi) *Purchase Rights in Series I Excess Preferred Stock.* Notwithstanding the provisions of Section 10(K)(iv), shares of Series I Excess Preferred Stock shall be deemed to have been offered for sale to the Company, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that required the issuance of such Series I Excess Preferred Stock (or, if the Transfer or other event that resulted in the issuance of Series I Excess Preferred Stock was not a transaction in which the Purported Beneficial Transferee gave full value for such Series I Excess Preferred Stock, a price per share equal to the Market Price on the date of the purported Transfer or other event that resulted in the issuance of Series I Excess Preferred Stock) and (ii) the Market Price on the date the Company, or its designee, accepts such offer. The Company may reduce the amount payable to the Purported Record Transferee by the amount of dividends and distributions which have been paid to the Purported Record Transferee and are owed by the Purported Record Transferee to the Trustee pursuant to Section 10(K)(i). The Company may pay the amount of such reductions to the Trustee for the benefit of the Charitable Beneficiary. The Company shall have the right to accept such offer for a period of ninety (90) days after the later of (i) the date of the Transfer or other event which resulted in the issuance of such shares of Series I Excess Preferred Stock and (ii) the date the Board determines in good faith that a Transfer or other event resulting in the issuance of shares of Series I Excess Preferred Stock has occurred, if the Company does not receive a notice of such Transfer or other event pursuant to Section 10(D). The Company may appoint a special trustee of the Trust for the purpose of consummating the purchase of Series I Excess Preferred Stock by the Company. In the event that the Company's actions cause a reduction in the number of shares of Series I Preferred Stock outstanding and such reduction results in the issuance of Series I Excess Preferred Stock, the Company is required to exercise its option to repurchase such shares of Series I Excess Preferred Stock if the Beneficial Owner notifies the Company that it is unable to sell its rights to such Series I Excess Preferred Stock.

(vii) *Alternative Characterization.* If the foregoing transfer restrictions with respect to a purported Transfer are determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the Purported Record Transferee of any shares of Series I Excess Preferred Stock may be deemed, at the option of the Board, to have acted as an agent on behalf of the Company in acquiring such shares of Series I Excess Preferred Stock and to hold such shares of Series I Excess Preferred Stock on behalf of the Company.

(L) Settlement. Nothing in this Section 10 shall preclude the settlement of any transaction entered into through facilities of the NYSE.

(M) Notwithstanding anything in these Articles Supplementary to the contrary, for the purpose of applying the provisions of this Section 10, the following capitalized terms used in this Section 10 shall have the following meanings:

(i) "Acquire" means the acquisition of Beneficial Ownership or Constructive Ownership of shares of Preferred Equity Stock by any means including, without limitation, a Transfer, the exercise of or right to exercise any rights under any option, warrant,

convertible security, pledge or other security interest or similar right to acquire shares, but shall not include the acquisition of any such rights unless, as a result, the acquiror would be considered a Beneficial Owner or Constructive Owner and shall not include Beneficial Ownership or Constructive Ownership that does not result from an acquisition. The term “Acquisition” shall have the correlative meaning.

(ii) “Aggregate Stock Ownership Limit” means 9% in value of the aggregate of the outstanding shares of Capital Stock. The value of shares of the outstanding shares of Capital Stock shall be determined by the Board of the Company in good faith, which determination shall be conclusive for all purposes thereof.

(iii) “Beneficial Ownership” means ownership of Series I Preferred Stock or Series I Excess Preferred Stock by a Person who is or would be treated as an owner of such Series I Preferred Stock or Series I Excess Preferred Stock either directly or constructively through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms “Beneficial Owner,” “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

(iv) “Business Day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close.

(v) “Capital Stock” means all classes or series of stock of the Company, including, without limitation, Common Equity and Preferred Equity Stock.

(vi) “Charitable Beneficiary” means a beneficiary of the Trust as determined pursuant to Section 10(K) that is an organization described in Section 170(b)(1)(A) and 170(c) of the Code.

(vii) “Common Equity” means all shares now or hereafter authorized of any class of common stock of the Company, including the Common Stock (as defined in Section 1 of Article V of the Charter), and any other stock of the Company, howsoever designated, authorized after the initial Issue Date, which has the right (subject always to prior rights of any class or series of preferred stock) to participate in the distribution of the assets and earnings of the Company without limit as to per share amount.

(viii) “Constructive Ownership” means ownership of Series I Preferred Stock or Series I Excess Preferred Stock by a Person who is or would be treated as an owner of such Series I Preferred Stock or Series I Excess Preferred Stock either directly or constructively through the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

(ix) “IRS” means the United States Internal Revenue Service.

(x) “Market Price” means, as to any date, the average of the last sales price reported on the NYSE of Series I Preferred Stock on the ten trading days immediately preceding the relevant date, or if not then traded on the NYSE, the average of the last reported sales price of

the Series I Preferred Stock on the ten trading days immediately preceding the relevant date as reported on any exchange or quotation system over which the Series I Preferred Stock may be traded, or if not then traded over any exchange or quotation system, then the market price of the Series I Preferred Stock on the relevant date as determined in good faith by the Board.

(xi) “Ownership Limit” means 20% (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of Series I Preferred Stock. The number and value of outstanding shares of Series I Preferred Stock of the Company shall be determined by the Board of the Company in good faith, which determination shall be conclusive for all purposes hereof.

(xii) “Person” means an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended; but does not include an underwriter which participates in a public offering of the Series I Preferred Stock or any interest therein, provided that such ownership by such underwriter would not result in the Company being “closely held” within the meaning of Section 856(h) of the Code, or otherwise result in the Company failing to qualify as a REIT.

(xiii) “Preferred Equity Stock” means shares of all classes of Preferred Stock (as defined in Section 1 of Article V of the Charter) of the Company, including the Company’s 7.625% Series C Cumulative Redeemable Preferred Stock and the Series I Preferred Stock, and includes the Series C Excess Preferred (as defined in the Charter) and Series I Excess Preferred Stock.

(xiv) “Purported Beneficial Transferee” means, with respect to any purported Transfer which results in Series I Excess Preferred Stock, the purported beneficial transferee or owner for whom the Purported Record Transferee would have acquired or owned shares of Series I Preferred Stock if such Transfer had been valid under Section 10(A).

(xv) “Purported Record Transferee” means, with respect to any purported Transfer which results in Series I Excess Preferred Stock, the record holder of the Preferred Equity Stock if such Transfer had been valid under Section 10(A).

(xvi) “Transfer” means any sale, transfer, gift, assignment, devise or other disposition of Preferred Equity Stock, including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Preferred Equity Stock or (ii) the sale, transfer, assignment or other disposition of any securities (or rights convertible into or exchangeable for Preferred Equity Stock), whether voluntary or involuntary, whether of record or beneficially, or Beneficially Owned or Constructively Owned (including but not limited to Transfers of interests in other entities which result in changes in Beneficial Ownership or Constructive Ownership of Preferred Equity Stock), and whether by operation of law or otherwise. The term “Transferring” and “Transferred” shall have the correlative meanings.

(xvii) “Trust” means the trust created pursuant to Section 10(K).

(xviii) “Trustee” means the Person that is appointed by the Company pursuant to Section 10(K) to serve as trustee of the Trust, and any successor thereto.

Section 11. Certificates.

(A) (i) Each Series I Preferred Stock certificate shall be substantially in the form set forth in Exhibit A hereto, which is hereby incorporated in and expressly made a part of these Articles Supplementary. The Series I Preferred Stock certificate may have notations, legends or endorsements required by law, stock exchange rules, agreements to which the Company is subject, if any, or usage; provided that any such notation, legend or endorsement is in a form acceptable to the Company. Each Series I Preferred Stock certificate shall be dated the date of its countersignature and registration.

(ii) The Series I Preferred Stock shall be issued initially in the form of one or more fully registered global certificates with the global securities legend substantially as set forth in Exhibit A hereto (the “Global Series I Preferred Stock”), which shall be deposited on behalf of the purchasers represented thereby with the Transfer Agent, as custodian for DTC (or with such other custodian as DTC may direct), and registered in the name of DTC or a nominee of DTC, duly executed by the Company and countersigned and registered by the Transfer Agent as hereinafter provided. The number of shares of Series I Preferred Stock represented by the Global Series I Preferred Stock may from time to time be increased or decreased by adjustments made on the records of the Transfer Agent and DTC or its nominee as hereinafter provided.

(iii) In the event the Global Series I Preferred Stock is deposited with or on behalf of DTC, the Company shall execute and the Transfer Agent shall countersign, register and deliver initially one or more Global Series I Preferred Stock certificates that (a) shall be registered in the name of DTC as depository for such Global Series I Preferred Stock or the nominee of DTC and (b) shall be delivered by the Transfer Agent to DTC or pursuant to DTC’s instructions or held by the Transfer Agent as custodian for DTC.

(iv) Members of, or participants in, DTC shall have no rights under these Articles Supplementary with respect to any Global Series I Preferred Stock held on their behalf by DTC or by the Transfer Agent as the custodian of DTC or under such Global Series I Preferred Stock, and DTC may be treated by the Company, the Transfer Agent and any agent of the Company or the Transfer Agent as the absolute owner of such Global Series I Preferred Stock for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Transfer Agent or any agent of the Company or the Transfer Agent from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and its members or participants, the operation of customary practices of DTC governing the exercise of the rights of a holder of a beneficial interest in any Global Series I Preferred Stock.

(v) Except as provided in Section 11(C), owners of beneficial interests in Global Series I Preferred Stock will not be entitled to receive physical delivery of shares of Series I Preferred Stock in fully registered certificated form (“Certificated Series I Preferred Stock”).

(B) Two Officers, in accordance with the Bylaws and applicable law, shall sign any certificate representing the Series I Preferred Stock, on behalf of the Company, by manual or facsimile signature. If an Officer whose signature is on a Series I Preferred Stock certificate no longer holds that office at the time the Transfer Agent countersigns and registers the Series I Preferred Stock certificate, the Series I Preferred Stock certificate shall be valid nevertheless. A Series I Preferred Stock certificate shall not be valid until an authorized signatory of the Transfer Agent signs the Series I Preferred Stock certificate by manual signature. The signature shall be conclusive evidence that the Series I Preferred Stock certificate has been countersigned and registered under these Articles Supplementary. The Transfer Agent shall countersign, register and deliver certificates of Series I Preferred Stock for original issue upon a written order of the Company signed by two Officers or by an Officer and an Assistant Treasurer of the Company. Such order shall specify the number of shares of Series I Preferred Stock to be countersigned and registered and the date on which the original issue of the Series I Preferred Stock is to be countersigned and registered. The Transfer Agent may appoint a countersignature and registration agent reasonably acceptable to the Company to countersign and register the certificates for the Series I Preferred Stock. Unless limited by the terms of such appointment, a countersignature and registration agent may countersign and register certificates for the Series I Preferred Stock whenever the Transfer Agent may do so. Each reference in these Articles Supplementary to countersignature and registration by the Transfer Agent includes countersignature and registration by such agent. A countersignature and registration agent has the same rights as the Transfer Agent for service of notices and demands.

(C) (i) When Certificated Series I Preferred Stock is presented to the Transfer Agent with a request to register the transfer of such Certificated Series I Preferred Stock or to exchange such Certificated Series I Preferred Stock for an equal number of shares of Certificated Series I Preferred Stock, the Transfer Agent shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Certificated Series I Preferred Stock surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Transfer Agent, duly executed by the Holder thereof or its attorney duly authorized in writing.

(ii) Certificated Series I Preferred Stock may not be exchanged for a beneficial interest in Global Series I Preferred Stock except upon satisfaction of the requirements set forth below. Upon receipt by the Transfer Agent of Certificated Series I Preferred Stock, duly endorsed or accompanied by appropriate instruments of transfer, in form reasonably satisfactory to the Company and the Transfer Agent, together with written instructions directing the Transfer Agent to make, or to direct DTC to make, an adjustment on its books and records with respect to such Global Series I Preferred Stock to reflect an increase in the number of shares of Series I Preferred Stock represented by the Global Series I Preferred Stock, then the Transfer Agent shall cancel such Certificated Series I Preferred Stock and cause, or direct DTC to cause, in accordance with the standing instructions and procedures existing between DTC and the Transfer Agent, the number of shares of Series I Preferred Stock represented by the Global Series I Preferred Stock to be increased accordingly. If no Global Series I Preferred Stock is then outstanding, the Company shall issue and the Transfer Agent shall countersign and register, upon written order of the Company in the form of an Officers'

Certificate, a new Global Series I Preferred Stock certificate representing the appropriate number of shares.

(iii) The transfer and exchange of Global Series I Preferred Stock or beneficial interests therein shall be effected through DTC, in accordance with these Articles Supplementary (including applicable restrictions on transfer set forth herein, if any) and the procedures of DTC therefor.

(iv) Notwithstanding any other provisions of these Articles Supplementary (other than the provisions set forth in Section 11(C)(v)), Global Series I Preferred Stock may not be transferred as a whole except by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor depository or a nominee of such successor depository.

(v) If at any time:

(a) DTC notifies the Company that DTC is unwilling or unable to continue as depository for the Global Series I Preferred Stock and a successor depository for the Global Series I Preferred Stock is not appointed by the Company within 90 days after delivery of such notice;

(b) DTC ceases to be a clearing agency registered under the Exchange Act and a successor depository for the Global Series I Preferred Stock is not appointed by the Company within 90 days; or

(c) the Company, in its sole discretion, notifies the Transfer Agent in writing that it elects to cause the issuance of Certificated Series I Preferred Stock under these Articles Supplementary,

then (and only then) persons having a beneficial interest in the Series I Preferred Stock may exchange such beneficial interest for Certificated Series I Preferred Stock representing the same number of shares of Series I Preferred Stock. In such event, upon receipt by the Transfer Agent of written instructions from the Company and written instructions (or such other form of instructions) as is customary for DTC from DTC or its nominee on behalf of any Person having a beneficial interest in Global Series I Preferred Stock, then, the Transfer Agent or DTC, at the direction of the Transfer Agent, shall cause, in accordance with the standing instructions and procedures existing between DTC and the Transfer Agent, the number of shares of Series I Preferred Stock represented by Global Series I Preferred Stock to be reduced on its books and records and, following such reduction, the Company shall execute and the Transfer Agent shall countersign, register and deliver to the transferee Certificated Series I Preferred Stock. Certificated Series I Preferred Stock issued in exchange for a beneficial interest in Global Series I Preferred Stock pursuant to this Section 11(C)(v) shall be registered in such names and in such authorized denominations as DTC, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Transfer Agent. The Transfer Agent shall deliver such Certificated Series I Preferred Stock to the Persons in whose names such shares of Series I Preferred Stock are so registered in accordance with the instructions of DTC.

(vi) At such time as all beneficial interests in Global Series I Preferred Stock have either been exchanged for Certificated Series I Preferred Stock or canceled, such Global Series I Preferred Stock shall be returned to DTC for cancellation or retained and canceled by the Transfer Agent. At any time prior to such cancellation, if any beneficial interest in Global Series I Preferred Stock is exchanged for Certificated Series I Preferred Stock or canceled, the number of shares of Series I Preferred Stock represented by such Global Series I Preferred Stock shall be reduced and an adjustment shall be made on the books and records of the Transfer Agent with respect to such Global Series I Preferred Stock, by the Transfer Agent or DTC, to reflect such reduction.

(vii) (a) To permit registrations of transfers and exchanges, the Company shall execute and the Transfer Agent shall countersign and register Certificated Series I Preferred Stock and Global Series I Preferred Stock as required pursuant to the provisions of this Section 11(C).

(b) All Certificated Series I Preferred Stock and Global Series I Preferred Stock issued upon any registration of transfer or exchange of Certificated Series I Preferred Stock or Global Series I Preferred Stock shall be the valid obligations of the Company, entitled to the same benefits under these Articles Supplementary as the Certificated Series I Preferred Stock or Global Series I Preferred Stock surrendered upon such registration of transfer or exchange.

(c) Prior to due presentment for registration of transfer of any shares of Series I Preferred Stock, the Transfer Agent and the Company may deem and treat the Person in whose name such shares of Series I Preferred Stock are registered as the absolute owner of such shares of Series I Preferred Stock and neither the Transfer Agent nor the Company shall be affected by notice to the contrary.

(d) No service charge shall be made for any registration of transfer or exchange upon surrender of any Series I Preferred Stock certificate or Common Stock certificate at the office of the Transfer Agent maintained for that purpose. However, the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Series I Preferred Stock certificates or Common Stock certificates.

(viii) (a) The Transfer Agent shall have no responsibility or obligation to any beneficial owner of Global Series I Preferred Stock, a member of or a participant in, DTC or any other Person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the Series I Preferred Stock or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice or the payment of any amount, under or with respect to such Global Series I Preferred Stock. All notices and communications to be given to the Holders of shares of Series I Preferred Stock and all payments to be made to such Holders under the Series I Preferred Stock shall be given or made only to the Holders (which shall be DTC or its nominee in the case of the Global Series I Preferred Stock). The rights of beneficial owners in any Global Series I Preferred Stock shall be exercised only through DTC subject to the applicable rules and procedures of DTC. The Transfer Agent may rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.

(b) The Transfer Agent shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under these Articles Supplementary or under applicable law with respect to any transfer of any interest in any shares of Series I Preferred Stock (including any transfers between or among DTC participants, members or beneficial owners in any Global Series I Preferred Stock) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of these Articles Supplementary, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(D) If any of the Series I Preferred Stock certificates shall be mutilated, lost, stolen or destroyed, the Company shall issue, in exchange and in substitution for and upon cancellation of the mutilated Series I Preferred Stock certificate, or in lieu of and substitution for the Series I Preferred Stock certificate lost, stolen or destroyed, a new Series I Preferred Stock certificate of like tenor and representing an equivalent amount of Series I Preferred Stock, but only upon receipt of evidence of such loss, theft or destruction of such Series I Preferred Stock certificate and indemnity, if requested, reasonably satisfactory to the Company and the Transfer Agent.

(E) Until definitive Series I Preferred Stock certificates are ready for delivery, the Company may prepare and the Transfer Agent shall countersign temporary Series I Preferred Stock certificates. Temporary Series I Preferred Stock certificates shall be substantially in the form of definitive Series I Preferred Stock certificates but may have variations that the Company considers appropriate for temporary Series I Preferred Stock certificates. Without unreasonable delay, the Company shall prepare and the Transfer Agent shall countersign definitive Series I Preferred Stock certificates and deliver them in exchange for temporary Series I Preferred Stock certificates.

(F) The Transfer Agent and no one else shall cancel and destroy all Series I Preferred Stock certificates surrendered for transfer, exchange, replacement or cancellation and deliver a certificate of such destruction to the Company unless the Company directs the Transfer Agent to deliver canceled Series I Preferred Stock certificates to the Company.

Section 12. Information Rights. During any period in which the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and any Series I Preferred Stock is outstanding, the Company will (a) transmit by mail or other permissible means under the Exchange Act to all holders of Series I Preferred Stock as their names and addresses appear in the Company's record books and without cost to such holders, copies of reports that are substantially similar to the Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that the Company would have been required to file with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Exchange Act if the Company were subject thereto (other than any exhibits that would have been required) and (b) within 15 days following written request, supply copies of such reports to any prospective holder of the Series I Preferred Stock. The Company will mail (or otherwise provide) the reports to the holders of Series I Preferred Stock within 15 days after the respective dates by which the Company would have been required to file such reports with the Securities and Exchange Commission if the Company were subject to Section 13 or 15(d) of the Exchange Act, based on the dates on which the Company would be required to file such periodic reports if the Company were a "non-accelerated filer" within the meaning of the Exchange Act.

Section 13. Other Provisions.

(A) Unless otherwise specified in these Articles Supplementary, all notices provided hereunder shall be given by first-class mail to each record Holder of shares of Series I Preferred Stock at such Holder's address as the same appears on the books of the Company. With respect to any notice to a Holder required to be provided hereunder, neither failure to mail such notice, nor any defect therein or in the mailing thereof, to any particular Holder shall affect the sufficiency of the notice or the validity of the proceedings referred to in such notice with respect to the other Holders or affect the legality or validity of any distribution, rights, warrant, reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up, or the vote upon any such action. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives the notice.

(B) The Series I Preferred Stock shall be issuable only in whole shares.

(C) All notice periods referred to herein shall commence on the date of the mailing of the applicable notice. Notice to any Holder shall be given to the registered address set forth in the Company's records for such Holder, or for the Global Series I Preferred Stock, to the Depository in accordance with its procedures.

(D) Any payments required to be made hereunder on any day that is not a Business Day shall be made on the next succeeding Business Day without interest or additional payment for such delay.

(E) Holders shall not be entitled to any preemptive rights to acquire additional shares of capital stock of the Company.

(F) Notwithstanding any provision herein to the contrary, the procedures for voting of shares of Series I Preferred Stock represented by Global Series I Preferred Stock will be governed by arrangements among DTC, its participants and persons that may hold beneficial interests through such participants designed to permit settlement without the physical movement of certificates. Payments, transfers, deliveries, exchanges and other matters relating to beneficial interests in Global Series I Preferred Stock certificates may be subject to various policies and procedures adopted by DTC from time to time.

(G) The Company may at any time at its option, without notice to or the consent of the Holders of the outstanding shares of Series I Preferred Stock, issue additional shares of Series I Preferred Stock, which additional shares shall constitute part of the same series of Series I Preferred Stock as the shares issued on the Issue Date, and additional shares of Preferred Stock that would rank on a parity with the Series I Preferred Stock as to dividend rights or rights upon the voluntary or involuntary liquidation, winding-up or dissolution of the Company.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary on this 9th day of August, 2012.

ATTEST: SL GREEN REALTY CORP.

/s/ Andrew S. Levine By: /s/ Marc Holliday (SEAL)

Name: Andrew S. Levine Name: Marc Holliday

Title: Secretary Title: Chief Executive Officer

Exhibit A

[FORM OF FACE OF CERTIFICATE]

PREFERRED STOCK

PREFERRED STOCK

SL GREEN REALTY CORP.

a Corporation Formed Under the Laws of the State of Maryland

\$.01 Par Value

CUSIP _____
**SEE REVERSE FOR
CERTAIN DEFINITIONS,
IMPORTANT NOTICE ON
TRANSFER RESTRICTIONS
AND OTHER INFORMATION**

THIS CERTIFIES THAT

IS THE OWNER OF

FULLY PAID AND NONASSESSABLE SHARES OF 6.50% SERIES I CUMULATIVE REDEEMABLE PREFERRED STOCK, LIQUIDATION PREFERENCE \$25.00 PER SHARE, \$.01 PAR VALUE PER SHARE, OF

SL GREEN REALTY CORP.

(hereinafter called the "Corporation"), transferable on the books of the Corporation by the registered holder hereof in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby are issued and shall be held subject to all of the provisions of the charter of the Corporation (the "Charter") and the Bylaws of the Corporation and any amendments thereto. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

IN WITNESS WHEREOF, the Corporation has caused the facsimile signatures of its duly authorized officers and its facsimile seal to be affixed hereto.

Dated: August , 2012

Secretary

President

Countersigned and Registered:

COMPUTERSHARE SHAREOWNER SERVICES LLC
Transfer Agent and Registrar

**SL GREEN REALTY CORP.
CORPORATE SEAL
1997
MARYLAND**

[THIS CERTIFICATE IS IN GLOBAL FORM AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST CORPORATION (“DTC”) OR A NOMINEE THEREOF. THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE OF DTC OR BY ANY SUCH NOMINEE TO A SUCCESSOR OF DTC OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE COMPANY OR THE TRANSFER AGENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[FORM OF REVERSE OF CERTIFICATE]

IMPORTANT NOTICE

THE CORPORATION WILL FURNISH TO ANY STOCKHOLDER, ON REQUEST AND WITHOUT CHARGE, A FULL STATEMENT OF THE INFORMATION REQUIRED BY SECTION 2-211(B) OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE OF THE ANNOTATED CODE OF MARYLAND WITH RESPECT TO THE DESIGNATIONS AND ANY PREFERENCES, CONVERSION AND OTHER RIGHTS, VOTING POWERS, RESTRICTIONS, LIMITATIONS AS TO DIVIDENDS AND OTHER DISTRIBUTIONS, QUALIFICATIONS, AND TERMS AND CONDITIONS OF REDEMPTION OF THE STOCK OF EACH CLASS WHICH THE CORPORATION HAS AUTHORITY TO ISSUE AND, IF THE CORPORATION IS AUTHORIZED TO ISSUE ANY PREFERRED OR SPECIAL CLASS IN SERIES, (I) THE DIFFERENCES IN THE RELATIVE RIGHTS AND PREFERENCES BETWEEN THE SHARES OF EACH SERIES TO THE EXTENT SET, AND (II) THE AUTHORITY OF THE BOARD OF DIRECTORS TO SET SUCH RIGHTS AND PREFERENCES OF SUBSEQUENT SERIES. THE FOREGOING SUMMARY DOES NOT PURPORT TO BE COMPLETE AND IS SUBJECT TO AND QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE CHARTER OF THE CORPORATION INCLUDING ALL AMENDMENTS AND SUPPLEMENTS THERETO (THE "CHARTER"), A COPY OF WHICH WILL BE SENT WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS. SUCH REQUEST MUST BE MADE TO THE SECRETARY OF THE CORPORATION AT ITS PRINCIPAL OFFICE OR TO THE TRANSFER AGENT.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON OWNERSHIP AND TRANSFER FOR THE PURPOSE OF THE CORPORATION'S MAINTENANCE OF ITS STATUS AS A REAL ESTATE INVESTMENT TRUST UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (A "REIT"). EXCEPT AS OTHERWISE PROVIDED PURSUANT TO THE CHARTER OF THE CORPORATION, NO PERSON MAY (I) BENEFICIALLY OWN OR CONSTRUCTIVELY OWN SHARES OF SERIES I PREFERRED STOCK IN EXCESS OF 20% (IN VALUE OR IN NUMBER OF SHARES, WHICHEVER IS MORE RESTRICTIVE) OF THE OUTSTANDING SERIES I PREFERRED STOCK OF THE CORPORATION OR (II) BENEFICIALLY OWN OR CONSTRUCTIVELY OWN ANY SHARES OF SERIES I PREFERRED STOCK SUCH THAT SUCH PERSON WOULD BENEFICIALLY OWN OR CONSTRUCTIVELY OWN CAPITAL STOCK IN EXCESS OF 9% IN VALUE OF THE AGGREGATE OF THE OUTSTANDING SHARES OF CAPITAL STOCK OF THE CORPORATION. ANY PERSON WHO ACQUIRES OR ATTEMPTS TO ACQUIRE OR BENEFICIALLY OWNS OR CONSTRUCTIVELY OWNS SHARES OF SERIES I PREFERRED STOCK IN EXCESS OF THE AFOREMENTIONED LIMITATIONS, OR ANY PERSON WHO IS OR ATTEMPTS TO BECOME A TRANSFEREE SUCH THAT SERIES I EXCESS PREFERRED STOCK WOULD RESULT UNDER THE PROVISIONS OF THE CHARTER, SHALL IMMEDIATELY GIVE WRITTEN NOTICE OR, IN THE EVENT OF A PROPOSED OR ATTEMPTED TRANSFER, GIVE AT LEAST 15 DAYS PRIOR WRITTEN NOTICE TO THE CORPORATION OF SUCH EVENT AND SHALL PROVIDE TO THE CORPORATION SUCH OTHER INFORMATION AS IT MAY REQUEST IN ORDER TO DETERMINE THE EFFECT OF ANY SUCH TRANSFER ON THE CORPORATION'S STATUS AS A REIT. ALL CAPITALIZED TERMS IN THIS LEGEND HAVE THE MEANINGS DEFINED IN THE CHARTER OF THE CORPORATION, A COPY OF WHICH, INCLUDING THE RESTRICTIONS ON TRANSFER, WILL BE SENT TO ANY STOCKHOLDER ON REQUEST AND WITHOUT CHARGE. TRANSFERS IN VIOLATION OF THE RESTRICTIONS DESCRIBED ABOVE SHALL BE VOID AB INITIO. IF THE RESTRICTIONS ON OWNERSHIP AND TRANSFER ARE VIOLATED, THE SECURITIES REPRESENTED HEREBY WILL BE DESIGNATED AND TREATED AS SHARES OF SERIES I EXCESS PREFERRED STOCK WHICH WILL BE HELD IN TRUST BY THE CORPORATION. THE FOREGOING SUMMARY DOES NOT PURPORT TO BE COMPLETE AND IS SUBJECT TO AND QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE CHARTER, A COPY OF WHICH, INCLUDING THE RESTRICTIONS ON TRANSFER, WILL BE SENT WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS. SUCH REQUEST MUST BE MADE TO THE SECRETARY OF THE CORPORATION AT ITS PRINCIPAL OFFICE OR TO THE TRANSFER AGENT.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN OR DESTROYED, THE CORPORATION WILL REQUIRE A BOND OF INDEMNITY AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-as tenants in common	UNIF GIFT MIN ACT-	Custodian
TEN ENT	-as tenants by the entireties		(Cust) (Minor)
JT TEN	-as joint tenants with right of survivorship and not as tenants in common		under Uniform Gifts Minors Act of (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, HEREBY SELL, ASSIGN AND TRANSFER UNTO

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(Please Print or Typewrite Name and Address Including Zip Code, of Assignee)

SHARES OF CAPITAL STOCK OF THE CORPORATION REPRESENTED BY THIS CERTIFICATE AND DO HEREBY IRREVOCABLY CONSTITUTE AND APPOINT ATTORNEY

TO TRANSFER THE SAID SHARES OF CAPITAL STOCK ON THE BOOKS OF THE CORPORATION WITH POWER OF SUBSTITUTION IN THE PREMISES.

Dated

NOTICE: The Signature To This Assignment Must Correspond With The Name As Written Upon The Face Of The Certificate In Every Particular, Without Alteration Or Enlargement Or Any Change Whatever.

Signature Guaranteed By:

Signature(s)

SL GREEN REALTY CORP.**THIRD AMENDED AND RESTATED BYLAWS****ARTICLE I
OFFICES**

Section 1.01. PRINCIPAL OFFICE. The principal office of SL Green Realty Corp. (the "Corporation") shall be located at such place or places as the Board of Directors may designate.

Section 1.02. ADDITIONAL OFFICES. The Corporation may have additional offices at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II
MEETINGS OF STOCKHOLDERS**

Section 2.01. PLACE. All meetings of stockholders shall be held at the principal office of the Corporation or at such other place within the United States as shall be stated in the notice of the meeting.

Section 2.02. ANNUAL MEETING. An annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on a date and at the time set by the Board of Directors.

Section 2.03. SPECIAL MEETINGS. The president, chief executive officer or Board of Directors may call special meetings of the stockholders. Special meetings of stockholders shall also be called by the secretary of the Corporation upon the written request of the holders of shares entitled to cast not less than 25% of all the votes entitled to be cast at such meeting. Such request shall state the purpose of such meeting and the matters proposed to be acted on at such meeting. The secretary shall inform such stockholders of the reasonably estimated cost of preparing and mailing notice of the meeting and, upon payment to the Corporation by such stockholders of such costs, the secretary shall give notice to each stockholder entitled to notice of the meeting. Unless requested by the stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting, a special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any special meeting of the stockholders held during the preceding twelve months.

Section 2.04. NOTICE. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, either by mail or by presenting it to such stockholder personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed

to the stockholder at his post office address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 2.05. SCOPE OF NOTICE. Any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice.

Section 2.06. ORGANIZATION. At every meeting of stockholders, the Chairman of the Board, if there be one, shall conduct the meeting or, in the case of vacancy in office or absence of the Chairman of the Board, one of the following officers present, shall conduct the meeting in the order stated: the Vice Chairman of the Board, if there be one, the President, the Vice Presidents in their order of rank and seniority, or a Chairman chosen by the stockholders entitled to cast a majority of the votes which all stockholders present in person or by proxy are entitled to cast, shall act as Chairman, and the Secretary, or, in his absence, an assistant secretary, or in the absence of both the Secretary and assistant secretaries, a person appointed by the Chairman shall act as Secretary. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chairman of the meeting. The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of the chairman and without any action by the stockholders, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (d) limiting the time allotted to questions or comments; (e) determining when and for how long the polls should be opened and when the polls should be closed; (f) maintaining order and security at the meeting; (g) concluding a meeting or recessing or adjourning the meeting to a later date and time and at a place announced at the meeting; and (h) complying with any state and local laws and regulations concerning safety and security. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.07. QUORUM. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect any requirement under any statute or the charter of the Corporation for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting of the stockholders, the stockholders entitled to vote at such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.08. VOTING. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share may

be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the charter of the Corporation. Unless otherwise provided in the charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders.

Section 2.09. PROXIES. A stockholder may vote the stock owned of record by him, either in person or by proxy executed in writing by the stockholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 2.10. VOTING OF STOCK BY CERTAIN HOLDERS. Stock of the Corporation registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or other fiduciary may vote stock registered in his name as such fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the stock transfer books, the time after the record date or closing of the stock transfer books within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder of record of the specified stock in place of the stockholder who makes the certification.

Notwithstanding any other provision of the charter of the Corporation or these Bylaws, Title 3, Subtitle 7 of the Corporations and Associations Article of the Annotated Code of Maryland (or any successor statute) shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after

an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

Section 2.11. INSPECTORS. At any meeting of stockholders, the chairman of the meeting may, or upon the request of any stockholder shall, appoint one or more persons as inspectors for such meeting. Such inspectors shall ascertain and report the number of shares represented at the meeting based upon their determination of the validity and effect of proxies, count all votes, report the results and perform such other acts as are proper to conduct the election and voting with impartiality and fairness to all the stockholders.

Each report of an inspector shall be in writing and signed by him or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 2.12. NOMINATIONS AND STOCKHOLDER BUSINESS.

(a) Annual Meeting of Stockholders. (1) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders (except for stockholder proposals included in the proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Section 2.12(a), who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 2.12(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph(a)(1) of this Section 2.12, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a stockholder's notice shall set forth all information required under this Section 2.12 and shall be delivered to the secretary at the principal executive offices of the Corporation not less than 90 days nor more than 180 days prior to the first anniversary of the preceding year's annual meeting or special meeting in lieu thereof; provided, however, that in the event that the date of the annual meeting is advanced by more than seven days or delayed by more than 60 days from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the 180th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 20th day following the earlier of the day on which public announcement of the date of such meeting is first made or notice of the meeting is mailed to stockholders. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director (a "Proposed Nominee") all information relating to such Proposed Nominee and relating to the

stockholder giving the notice that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and of the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the stockholder giving the notice, any Proposed Nominee and any Stockholder Associated Person, (A) the name and address of such stockholder, as they appear on the Corporation's books, and the current name, business address and residence address of any such Stockholder Associated Person or Proposed Nominee, (B) as of the date of the notice, the number of shares, if any, of each class of stock or other security of the Corporation or any affiliate thereof (the "Company Securities") which are owned beneficially and/or of record by such stockholder, Proposed Nominee or Stockholder Associated Person, the date on which each such Company Security was acquired and the investment intent of such acquisition, and (C) as of the date of the notice, whether and the extent to which, such stockholder, Proposed Nominee or Stockholder Associated Person is subject to, or during the past six months has, directly or indirectly (through brokers, nominees or otherwise), engaged in any hedging, derivative or other transaction or series of transactions or entered into any other agreement, arrangement or understanding (including any short interest, any borrowing or lending of securities or any proxy or voting agreement), the effect or intent of which is (x) for any such stockholder, Proposed Nominee or Stockholder Associated Person, to mitigate loss to or manage risk or benefit from changes in the price of Company Securities or (y) to increase or decrease, disproportionately to the economic interest, the voting power of any such stockholder, Proposed Nominee or Stockholder Associated Person in the Corporation or any affiliate thereof.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 2.12 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 85 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.12(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(4) A stockholder proposing nominations of persons for election to the Board of Directors or the proposal of business to be considered by stockholders pursuant to this Section 2.12 shall further update and supplement information submitted pursuant

to Section 2.12(a)(2), if necessary, so that the information provided or required to be submitted pursuant to Section 2.12(a)(2) shall be true and correct as of the record date for the meeting, and such update and supplement shall be delivered to the secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting.

(5) If information submitted pursuant to Section 2.12(a)(2) or Section 2.12(a)(4) by any stockholder proposing nominations of persons for election to the Board of Directors or the proposal of business to be considered by stockholders pursuant to this Section 2.12 shall be inaccurate to a material extent, such information shall be deemed not to have been provided in accordance with this Section 2.12. Any such stockholder shall notify the Corporation of any inaccuracy or change promptly (but no later than two business days) after becoming aware of such inaccuracy or change in any such information.

(6) For purposes of this Section 2.12, “Stockholder Associated Person” of any stockholder shall mean: (i) any person acting in concert with such stockholder, (ii) any beneficial owner of Company Securities owned of record or beneficially by such stockholder (other than a stockholder that is a depository) and (iii) any person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such stockholder or Stockholder Associated Person.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation’s notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation’s notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section 2.12(b), who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 2.12(b). In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election to such position as specified in the Corporation’s notice of meeting, if the stockholder’s notice containing the information required by paragraph (a)(2) of this Section 2.12 shall be delivered to the secretary at the principal executive offices of the Corporation not earlier than the 180th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder’s notice as described above.

(c) General. (1) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.12 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in

accordance with the procedures set forth in this Section 2.12. The presiding officer of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 2.12 and, if any proposed nomination or business is not in compliance with this Section 2.12, to declare that such defective nomination or proposal be disregarded.

(2) For purposes of this Section 2.12, “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 2.12, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.12. Nothing in this Section 2.12 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2.13. VOTING BY BALLOT. Voting on any question or in any election may be viva voce unless the presiding officer shall order or any stockholder shall demand that voting be by ballot.

ARTICLE III DIRECTORS

Section 3.01. GENERAL POWERS; QUALIFICATIONS. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 3.02. NUMBER, TENURE AND QUALIFICATIONS. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, provided that the number thereof shall never be less than the minimum number required by the Maryland General Corporation Law, nor more than 15, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors.

Section 3.03. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Maryland, for the holding of regular meetings of the Board of Directors without other notice than such resolution.

Section 3.04. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the chairman of the board (or any co-chairman of the board if more than one), president or by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the

State of Maryland, as the place for holding any special meeting of the Board of Directors called by them.

Section 3.05. NOTICE. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, facsimile transmission, electronic transmission, United States mail or courier to each director at his business or residence address. Notice by personal delivery, by telephone or a facsimile transmission or electronic transmission shall be given at least two days prior to the meeting. Notice by mail shall be given at least five days prior to the meeting and shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Telephone notice shall be deemed to be given when the director is personally given such notice in a telephone call to which he is a party. Facsimile transmission and electronic transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 3.06. QUORUM. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to the charter of the Corporation or these Bylaws, the vote of a majority of a particular group of directors is required for action, a quorum must also include a majority of such group.

The Board of Directors present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 3.07. VOTING. The action of the majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable statute.

Section 3.08. TELEPHONE MEETINGS. Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 3.09. INFORMAL ACTION BY DIRECTORS. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent to such action is given in writing or by electronic transmission by each director and such consent is filed in paper or electronic form with the minutes of proceedings of the Board of Directors.

Section 3.10. VACANCIES. If for any reason any or all the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder (even if fewer than three directors remain). Any vacancy on the Board of Directors for any cause other than an increase in the number of directors shall be filled by a majority

of the remaining directors, although such majority is less than a quorum. Except as may be provided by the Board of Directors in setting the terms of any class or series of stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until his or her successor is elected and qualifies.

Section 3.11. COMPENSATION. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive fixed sums per year and/or per meeting and/or per visit to real property owned or to be acquired by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they performed or engaged in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.12. LOSS OF DEPOSITS. No director shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or stock have been deposited.

Section 3.13. SURETY BONDS. Unless required by law, no director shall be obligated to give any bond or surety or other security for the performance of any of his duties.

Section 3.14. RELIANCE. Each director, officer, employee and agent of the Corporation shall, in the performance of his duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to the Corporation by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Board of Directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

Section 3.15. CERTAIN RIGHTS OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS. The directors shall have no responsibility to devote their full time to the affairs of the Corporation. Any director or officer, employee or agent of the Corporation, in his personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to or in addition to or in competition with those of or relating to the Corporation.

ARTICLE IV COMMITTEES

Section 4.01. APPOINTMENT; NUMBER; TENURE. The Board of Directors may appoint from among its members an Executive Committee, an Audit Committee, a Compensation Committee and other committees, composed of one or more directors, to serve at the pleasure of the Board of Directors.

Section 4.02. POWERS. The Board of Directors may delegate to committees appointed under Section 4.01 of this Article any of the powers of the Board of Directors, except as prohibited by law.

Section 4.03. MEETINGS. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or any two members of any committee may fix the time and place of its meeting unless the Board shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute quorum, may appoint another director to act in the place of such absent member. Each committee shall keep minutes of its proceedings.

Section 4.04. TELEPHONE MEETINGS. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 4.05. INFORMAL ACTION BY COMMITTEES. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent to such action is given in writing or by electronic transmission by each member of the committee and such consent is filed in paper or electronic form with the minutes of proceedings of such committee.

Section 4.06. VACANCIES. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member or to dissolve any such committee.

ARTICLE V OFFICERS

Section 5.01. GENERAL PROVISIONS. The officers of the Corporation shall include a chief executive officer, a president, a secretary and a treasurer and may include a chairman of the board (or one or more co-chairmen of the board), a vice chairman of the board, one or more executive vice presidents, one or more senior vice presidents, one or more vice presidents, a chief operating officer, a chief financial officer, a treasurer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may from time to time appoint such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of stockholders, except that the chief executive officer may appoint one or more vice presidents, assistant secretaries and assistant treasurers. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor is elected and qualifies or until his death, resignation or removal in the manner hereinafter provided. Any two or more offices except

president and vice president may be held by the same person. In its discretion, the Board of Directors may leave unfilled any office except that of president, treasurer and secretary. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 5.02. REMOVAL AND RESIGNATION. Any officer or agent of the Corporation may be removed by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors, the chairman of the board (or any co-chairman of the board if more than one), the president or the secretary. Any resignation shall take effect at any time subsequent to the time specified therein or, if the time when it shall become effective is not specified therein, immediately upon its receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 5.03. VACANCIES. A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 5.04. CHIEF EXECUTIVE OFFICER. The Board of Directors may designate a chief executive officer. In the absence of such designation, the chairman of the board (or, if more than one, the co-chairmen of the board in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation.

Section 5.05. CHIEF OPERATING OFFICER. The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 5.06. CHIEF FINANCIAL OFFICER. The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 5.07. CHAIRMAN OF THE BOARD. The Board of Directors shall designate a chairman of the board (or one or more co-chairmen of the board). The chairman of the board shall preside over the meetings of the Board of Directors and of the stockholders at which he shall be present. If there be more than one, the co-chairmen designated by the Board of Directors will perform such duties. The chairman of the board shall perform such other duties as may be assigned to him or them by the Board of Directors.

Section 5.08. CHAIRMAN OF THE BOARD EMERITUS. The directors may elect by a majority vote, from time to time, a chairman of the board emeritus (or one or more co-chairmen of the board emeritus). The chairman of the board emeritus shall be an honorary position and shall have no vote on any matter considered by the directors. The chairman of the board emeritus shall

serve for such term as determined by the Board of Directors and may be removed by a majority vote of directors with or without cause.

Section 5.09. PRESIDENT. The president or chief executive officer, as the case may be, shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. He may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5.10. VICE PRESIDENTS. In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to him by the president or by the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president or as vice president for particular areas of responsibility.

Section 5.11. SECRETARY. The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the share transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him by the chief executive officer, the president or by the Board of Directors.

Section 5.12. TREASURER. The treasurer shall have the custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his transactions as treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, the treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his

death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 5.13. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the president or the Board of Directors. The assistant treasurers shall, if required by the Board of Directors, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors.

Section 5.14. SALARIES. The salaries and other compensation of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a director.

ARTICLE VI CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 6.01. CONTRACTS. The Board of Directors may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document executed by one or more of the directors or by an authorized person shall be valid and binding upon the Board of Directors and upon the Corporation when authorized or ratified by action of the Board of Directors.

Section 6.02. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

Section 6.03. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may designate.

ARTICLE VII STOCK

Section 7.01. CERTIFICATES. The shares of the Corporation's stock may be certificated or uncertificated, as provided under the General Corporation Law of the State of Maryland. Each stockholder, upon written request to the transfer agent or registrar of the Corporation, shall be entitled to a certificate or certificates which shall represent and certify the number of shares of each class of stock held by him in the Corporation. Any certificate issued shall be signed by the chief executive officer, the president or a vice president and countersigned by the secretary or an assistant secretary or the treasurer or an assistant treasurer and may be sealed with the seal, if any, of the Corporation. The signatures may be either manual or facsimile. Certificates shall be consecutively numbered; and if the Corporation shall, from time to time, issue several classes of stock, each class may have its own number series. A certificate is valid and may be issued whether or not an officer

who signed it is still an officer when it is issued. Each issued certificate representing shares which are restricted as to their transferability or voting powers, which are preferred or limited as to their dividends or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Corporation, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. If the Corporation has authority to issue stock of more than one class, the certificate shall contain on the face or back a full statement or summary of the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each class of stock and, if the Corporation is authorized to issue any preferred or special class in series, the differences in the relative rights and preferences between the shares of each series to the extent they have been set and the authority of the Board of Directors to set the relative rights and preferences of subsequent series. In lieu of such statement or summary, the certificate may state that the Corporation will furnish a full statement of such information to any stockholder upon request and without charge. If any class of stock is restricted by the Corporation as to transferability, the certificate shall contain a full statement of the restriction or state that the Corporation will furnish information about the restrictions to the stockholder on request and without charge.

Section 7.02. TRANSFERS. Upon surrender to the Corporation or the transfer agent of the Corporation of a stock certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate or evidence of the issuance of uncertificated shares to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Corporation shall be entitled to treat the holder of record of any certificated or uncertificated share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of certificated and uncertificated shares of any class of stock will be subject in all respects to the charter of the Corporation and all of the terms and conditions contained therein.

Section 7.03. REPLACEMENT CERTIFICATE. Any officer designated by the Board of Directors may direct to be issued (i) a new certificate or certificates of stock or (ii) uncertificated shares in place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate or uncertificated shares, an officer designated by the Board of Directors may, in his discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's legal representative to advertise the same in such manner as he shall require and/or to give bond, with sufficient surety, to the Corporation to indemnify it against any loss or claim which may arise as a result of the issuance of new certificated or uncertificated shares.

Section 7.04. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

In lieu of fixing a record date, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not longer than 20 days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten days before the date of such meeting.

If no record date is fixed and the stock transfer books are not closed for the determination of stockholders, (a) the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the directors, declaring the dividend or allotment of rights, is adopted.

When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof, except when (i) the determination has been made through the closing of the transfer books and the stated period of closing has expired or (ii) the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, in either of which case a new record date shall be determined as set forth herein.

Section 7.05. STOCK LEDGER. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 7.06. FRACTIONAL STOCK; ISSUANCE OF UNITS. The Board of Directors may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

**ARTICLE VIII
ACCOUNTING YEAR**

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

**ARTICLE IX
DISTRIBUTIONS**

Section 9.01. AUTHORIZATION. Dividends and other distributions upon the stock of the Corporation may be authorized and declared by the Board of Directors, subject to the provisions of law and the charter of the Corporation. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the charter.

Section 9.02. CONTINGENCIES. Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine to be in the best interest of the Corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

**ARTICLE X
INVESTMENT POLICY**

Subject to the provisions of the charter of the Corporation, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

**ARTICLE XI
SEAL**

Section 11.01. SEAL. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words "Corporate Seal Maryland." The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 11.02. AFFIXING SEAL. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

**ARTICLE XII
INDEMNIFICATION AND ADVANCES FOR EXPENSES**

To the maximum extent permitted by Maryland law in effect from time to time, the Corporation, without requiring a preliminary determination of the ultimate entitlement to

indemnification, shall indemnify and shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or officer of the Corporation and who is made a party to the proceeding by reason of his service in that capacity or (b) any individual who, while a director of the Corporation and at the request of the Corporation, serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, partner or trustee of such corporation, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made a party to the proceeding by reason of his service in that capacity. The Corporation may, with the approval of its Board of Directors, provide such indemnification and advance for expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Bylaws or charter of the Corporation inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

ARTICLE XIII WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the charter of the Corporation or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XIV AMENDMENT OF BYLAWS

The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

CERTIFICATION

I, Marc Holliday, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SL Green Realty Corp. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 11, 2014

/s/ Marc Holliday

Name: Mark Holliday

Title: Chief Executive Officer

CERTIFICATION**I, James Mead, certify that:**

1. I have reviewed this quarterly report on Form 10-Q of SL Green Realty Corp. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 11, 2014

/s/ James Mead

Name: James Mead
Title: Chief Financial Officer

CERTIFICATION**I, Marc Holliday, certify that:**

1. I have reviewed this quarterly report on Form 10-Q of SL Green Operating Partnership, L.P. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 11, 2014

/s/ Marc Holliday

Name: Mark Holliday
Title: Chief Executive Officer
of SL Green Realty Corp., the
general partner of the registrant

CERTIFICATION**I, James Mead, certify that:**

1. I have reviewed this quarterly report on Form 10-Q of SL Green Operating Partnership, L.P. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 11, 2014

/s/ James Mead

Name: James Mead
 Title: Chief Financial Officer
 of SL Green Realty Corp., the
 general partner of the registrant

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SL Green Realty Corp. (the "Company") on Form 10-Q as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marc Holliday, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Marc Holliday

Name: Marc Holliday
Title: Chief Executive Officer

Date: August 11, 2014

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SL Green Realty Corp. (the "Company") on Form 10-Q as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Mead, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James Mead

Name: James Mead
Title: Chief Financial Officer

Date: August 11, 2014

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SL Green Operating Partnership, L.P. (the "Operating Partnership") on Form 10-Q as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marc Holliday, Chief Executive Officer of SL Green Realty Corp, the sole general partner of the Operating Partnership, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

/s/ Marc Holliday

Name: Marc Holliday
Title: Chief Executive Officer
of SL Green Realty Corp., the
general partner of the Operating Partnership

Date: August 11, 2014

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SL Green Operating Partnership, L.P. (the "Operating Partnership") on Form 10-Q as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Mead, Chief Financial Officer of SL Green Realty Corp, the sole general partner of the Operating Partnership, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

/s/ James Mead

Name: James Mead
Title: Chief Financial Officer
of SL Green Realty Corp., the
general partner of the Operating Partnership

Date: August 11, 2014