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 September 30, 2015

o **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: 033-84580

RECKSON OPERATING PARTNERSHIP, L.P.
(Exact name of registrant as specified in its charter)

Delaware	**11-3233647**
(State or other jurisdiction of incorporation or organization)	(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. YES ☒ NO o

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). YES ☒ NO o

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.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO ☒

As of November 16, 2015, no common units of limited partnership interest of the Registrant were held by non-affiliates of the Registrant. There is no established trading market for such units.

Reckson Operating Partnership, L.P.
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Reckson Operating Partnership, L.P.
Consolidated Balance Sheets
(unaudited, in thousands)

	September 30, 2015	December 31, 2014
		(as adjusted)
Assets		
Commercial real estate properties, at cost:		
Land and land interests	$ 1,877,492	$ 1,776,457
Building and improvements	4,441,672	4,353,081
Building leasehold and improvements	1,073,678	1,073,678
	7,392,842	7,203,216
Less: accumulated depreciation	(1,227,425)	(1,123,412)
	6,165,417	6,079,804
Assets held for sale	22,494	—
Cash and cash equivalents	45,716	34,691
Restricted cash	39,243	38,844
Tenant and other receivables, net of allowance of $4,581 and $5,820 in 2015 and 2014, respectively	36,560	25,778
Related party receivable	90,000	—
Deferred rents receivable, net of allowance of $15,212 and $17,745 in 2015 and 2014, respectively	211,046	199,045
Debt, preferred equity and other investments, net of discounts and deferred origination fees of $16,169 and $19,172 in 2015 and 2014, respectively	1,602,033	1,508,812
Deferred costs, net of accumulated amortization of $87,406 and $77,594 in 2015 and 2014, respectively	138,593	123,914
Other assets	354,008	292,885
Total assets	$ 8,705,110	$ 8,303,773
Liabilities		
Mortgages and other loans payable	$ 785,508	$ 720,000
Revolving credit facility	949,000	385,000
Term loan and senior unsecured notes	1,888,077	1,788,001
Accrued interest payable and other liabilities	130,686	92,815
Accounts payable and accrued expenses	70,464	69,805
Deferred revenue	197,703	130,661
Deferred land leases payable	1,472	1,215
Dividends payable	743	—
Security deposits	38,736	36,195
Liabilities related to assets held for sale	94	—
Total liabilities	4,062,483	3,223,692
Commitments and contingencies	—	—
Preferred units	96,700	—
Capital		
General partner capital	4,162,472	4,734,873
Limited partner capital	—	—
Accumulated other comprehensive loss	(2,480)	(3,106)
Total ROP partner's capital	4,159,992	4,731,767
Noncontrolling interests in other partnerships	385,935	348,314
Total capital	4,545,927	5,080,081
Total liabilities and capital	$ 8,705,110	$ 8,303,773

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

Reckson Operating Partnership, L.P.
Consolidated Statements of Operations
(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
		(as adjusted)		(as adjusted)
Revenues				
Rental revenue, net	$ 159,381	$ 143,548	$ 461,858	$ 426,986
Escalation and reimbursement	25,870	24,504	72,080	67,188
Investment income	49,660	42,946	136,620	135,996
Other income	2,740	1,166	16,392	2,974
Total revenues	237,651	212,164	686,950	633,144
Expenses				
Operating expenses, including $2,605 and $6,530 in 2015 and $2,374 and $5,831 in 2014 of related party expenses	41,397	39,492	122,567	115,198
Real estate taxes	37,448	34,261	107,152	97,831
Ground rent	5,236	5,235	15,706	15,705
Interest expense, net of interest income	31,132	32,689	86,856	98,151
Amortization of deferred financing costs	2,418	1,976	5,674	5,864
Depreciation and amortization	51,490	48,197	151,159	147,988
Transaction related costs	2,887	1,832	2,842	3,080
Marketing, general and administrative	102	76	366	269
Total expenses	172,110	163,758	492,322	484,086
Income from continuing operations before equity in net income from unconsolidated joint ventures, equity in net gain on sale of interest in unconsolidated joint venture, gain on sale of real estate, depreciable real estate reserves, unrealized loss on embedded derivative and loss on early extinguishment of debt	65,541	48,406	194,628	149,058
Equity in net income from unconsolidated joint ventures	2,296	2,075	6,576	2,314
Equity in net gain on sale of interest in unconsolidated joint venture	—	—	—	85,559
Gain on sale of real estate	101,069	—	101,069	—
Depreciable real estate reserves	(9,998)	—	(9,998)	—
Unrealized loss on embedded derivative	(1,800)	—	(1,800)	—
Loss on early extinguishment of debt	—	—	(49)	(519)
Income from continuing operations	157,108	50,481	290,426	236,412
Net income from discontinued operations	—	(58)	—	1,996
(Loss) gain on sale of discontinued operations	—	(250)	—	117,579
Net income	157,108	50,173	290,426	355,987
Net income attributable to noncontrolling interests in other partnerships	(293)	(841)	(7,223)	(1,703)
Preferred stock dividend	(743)	—	(743)	—
Net income attributable to ROP common unitholder	$ 156,072	$ 49,332	$ 282,460	$ 354,284
Amounts attributable to ROP common unitholder:				
Income from continuing operations	$ 156,072	$ 49,640	$ 282,460	$ 234,709
Discontinued operations	—	(308)	—	119,575
Net income attributable to ROP common unitholder	$ 156,072	$ 49,332	$ 282,460	$ 354,284

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
		(as adjusted)		**(as adjusted)**
Net income attributable to ROP common unitholder	**$ 156,072**	$ 49,332	**$ 282,460**	$ 354,284
Other comprehensive income:				
Change in net unrealized gain on derivative instruments	**222**	267	**626**	644
Comprehensive income attributable to ROP common unitholder	**$ 156,294**	$ 49,599	**$ 283,086**	$ 354,928

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

Reckson Operating Partnership, L.P.
Consolidated Statement of Capital
(unaudited, in thousands)

	General Partner's Capital Class A Common Units	Limited Partner's Capital	Noncontrolling Interests In Other Partnerships	Accumulated Other Comprehensive (Loss) Income	Total Capital
Balance at December 31, 2014, as adjusted	$ 4,734,873	$ —	$ 348,314	$ (3,106)	$ 5,080,081
Contributions	2,452,205	—	31,678	—	2,483,883
Distributions	(3,297,066)	—	(1,280)	—	(3,298,346)
Shares contributed by parent company	(10,000)	—	—	—	(10,000)
Net income	282,460	—	7,223	—	289,683
Other comprehensive income	—	—	—	626	626
Balance at September 30, 2015	**$ 4,162,472**	**$ —**	**$ 385,935**	**$ (2,480)**	**$ 4,545,927**

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

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

	Nine Months Ended September 30,	
	2015	**2014**
		(as adjusted)
Operating Activities		
Net income	$ **290,426**	$ 355,987
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**156,833**	154,285
Equity in net gain on sale of interest in unconsolidated joint venture	**—**	(85,559)
Equity in net income from unconsolidated joint venture	**(6,576)**	(2,314)
Distributions of cumulative earnings from unconsolidated joint ventures	**6,435**	4,193
Loss on early extinguishment of debt	**49**	519
Depreciable real estate reserve	**9,998**	—
Gain on sale of real estate	**(101,069)**	—
Gain on sale of discontinued operations	**—**	(117,579)
Deferred rents receivable	**(14,613)**	(16,966)
Other non-cash adjustments	**(53,453)**	(71,347)
Changes in operating assets and liabilities:		
Restricted cash—operations	**(987)**	(7,543)
Tenant and other receivables	**(10,246)**	(2,412)
Deferred lease costs	**(31,986)**	(7,171)
Other assets	**(26,514)**	(11,766)
Accounts payable, accrued expenses and other liabilities	**8,561**	(5,118)
Deferred revenue and land leases payable	**9,567**	8,991
Net cash provided by operating activities	**236,425**	196,200
Investing Activities		
Acquisitions of real estate property	**(109,633)**	(485,285)
Additions to land, buildings and improvements	**(58,374)**	(74,727)
Escrowed cash—capital improvements/acquisition deposits	**388**	(1,607)
Investments in unconsolidated joint venture	**(988)**	(59,400)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	**28,158**	—
Net proceeds from disposition of real estate/joint venture interest	**216,592**	237,059
Other investments	**(7,177)**	(17,250)
Origination of debt and preferred equity investments	**(461,257)**	(421,003)
Repayments or redemption of preferred equity investments	**372,084**	349,320
Net cash used in investing activities	**(20,207)**	(472,893)
Financing Activities		
Proceeds from mortgages and other loans payable	**300,018**	221,216
Repayments of mortgages and other loans payable	**(234,510)**	(295,906)
Proceeds from credit facility and senior unsecured notes	**2,130,000**	1,136,400
Repayments of credit facility and senior unsecured notes	**(1,466,007)**	(805,298)
Contributions from common unitholder	**2,338,277**	2,421,443
Contributions to noncontrolling interests in other partnerships	**9,400**	93
Distributions to noncontrolling interests in other partnerships	**(1,280)**	(4,204)
Distributions to common unitholder	**(3,297,066)**	(2,407,371)
Deferred loan costs and capitalized lease obligation	**(9,025)**	(3,349)
Other obligation related to mortgage loan participation	**25,000**	—
Net cash (used in) provided by financing activities	**(205,193)**	263,024
Net increase (decrease) in cash and cash equivalents	**11,025**	(13,669)
Cash and cash equivalents at beginning of period	**34,691**	49,044
Cash and cash equivalents at end of period	$ **45,716**	$ 35,375

Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Tenant improvements and capital expenditures payable	$ **5,160**	$ 6,479
Deferred leasing payable	**7,668**	13,355
Change in fair value of hedge	**13,909**	400
Contributions from common unitholder	**13,928**	4,000

Transfer to assets held for sale	**22,494**	—
Transfer to liabilities related to assets held for sale	**94**	—
Deconsolidation of a subsidiary	**27,435**	—
Issuance of SL Green common stock to a consolidated joint venture	**10,000**	—
Contribution of notes receivable from the common unit holder	**90,000**	—
Issuance of preferred units through a subsidiary	**109,161**	—
Contributions from a noncontrolling interest in other partnerships	**22,278**	—
Transfer of financing receivable to debt investment	**—**	19,675

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

Reckson Operating Partnership, L.P.
Notes to Consolidated Financial Statements
September 30, 2015
(unaudited)

1. Organization and Basis of Presentation

Reckson Operating Partnership, L.P., or ROP, commenced operations on June 2, 1995. The sole general partner of ROP is a wholly-owned subsidiary of SL Green Operating Partnership, L.P., or the Operating Partnership. The sole limited partner of ROP is the Operating Partnership. The Operating Partnership is 96.26% owned by SL Green Realty Corp., or SL Green, as of September 30, 2015. SL Green is a self-administered and self-managed real estate investment trust, and is the sole managing general partner of the Operating Partnership. Unless the context requires otherwise, all references to "we," "our," "us" and the "Company" means ROP and all entities owned or controlled by ROP.

ROP is engaged in the acquisition, ownership, management and operation of commercial and residential real estate properties, principally office properties, and also owns land for future development, located in New York City, Westchester County, Connecticut and New Jersey, which collectively is also known as the New York Metropolitan area.

SL Green transferred one property and 40% of SL Green's tenancy in common interest in a fee interest with total assets of $207.7 million during the first quarter of 2015 to ROP, and one additional property and the remaining 60% of SL Green's tenancy in common interest in a fee interest with total assets of $187.3 million during second quarter of 2015 to ROP. During the third quarter of 2015, SL Green transferred one entity that held debt investments and financing receivables with an aggregate carrying value of $1.7 billion to ROP. Subsequent to September 30, 2014, SL Green transferred two properties with total assets aggregating to $587.6 million as of December 31, 2014 to ROP. Under the business combinations guidance (Accounting Standard Codification, or ASC, 805-50), these transfers were determined to be transfers of businesses between the indirect parent company and its wholly-owned subsidiary. As such, the assets and liabilities of the properties were transferred at their carrying values and were recorded as of the beginning of the current reporting period as though the assets and liabilities had been transferred at that date. The financial statements and financial information presented for all prior periods have been retrospectively adjusted to furnish comparative information.

As of September 30, 2015, we owned the following interests in commercial and residential properties in the New York Metropolitan area, primarily in midtown Manhattan. Our investments in the New York Metropolitan area also include investments in Brooklyn, Westchester County, Connecticut and New Jersey, which are collectively known as the Suburban properties:

Location	Type	Number of Properties	Approximate Square Feet	Weighted Average Occupancy[(1)]
Commercial:				
Manhattan	Office	16	8,463,245	95.8%
	Retail[(2)(3)]	5	352,892	98.8%
	Fee Interest	2	197,654	100.0%
		23	9,013,791	96.0%
Suburban	Office[(4)]	20	3,417,900	81.8%
	Retail	1	52,000	100.0%
		21	3,469,900	82.1%
Total commercial properties		44	12,483,691	92.1%
Residential:				
Manhattan	Residential[(2)]	—	222,855	91.0%
Total portfolio		44	12,706,546	92.1%

(1) The weighted average occupancy for commercial properties represents the total leased 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 September 30, 2015, we owned a building that was comprised of approximately 270,132 square feet of retail space and approximately 222,855 square feet of residential space. For the purpose of this report, we have included the building in the retail properties count and have bifurcated the square footage into the retail and residential components.
(3) Includes two unconsolidated joint venture retail properties at 131-137 Spring Street comprised of approximately 68,342 square feet.
(4) Includes one office property as held for sale at September 30, 2015.

As of September 30, 2015, we also held debt, preferred equity and other investments with a book value of $1.6 billion.

Reckson Operation Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
September 30, 2015
(unaudited)

Basis of Quarterly Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP, 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 U.S. GAAP 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 at September 30, 2015 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, 2015. These financial statements should be read in conjunction with the financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2014.

The consolidated balance sheet at December 31, 2014 has been derived from the audited financial statements as of that date, and adjusted for the transfer of three properties and one entity that held debt investments and financing receivables to ROP in 2015 but does not include all the information and footnotes required by U.S. GAAP for complete financial statements. Also, as a result of the transfer of these three properties in 2015 and four properties in 2014 to ROP, the consolidated statements of operations and comprehensive income for the three and nine months ended September 30, 2014, statement of cash flows for the nine months ended September 30, 2014 and related financial information have been adjusted to furnish comparative information.

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 preferred equity investments. See Note 5, "Debt, Preferred Equity and Other Investments." ROP's investments in majority-owned and controlled real estate joint ventures are reflected in the financial statements on a consolidated basis with a reduction for the noncontrolling partners' interests. 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.

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 capital in the consolidated balance sheet and the presentation of net income is modified to present earnings and other comprehensive income attributed to controlling and noncontrolling interests.

We assess the accounting treatment for each joint venture and debt and preferred equity investment. This assessment includes a review of each joint venture or limited liability company agreement to determine which party has what rights and whether those rights are protective or participating. For all VIEs, we review such agreements in order to determine which party has the power to direct the activities that most significantly impact the entity's economic performance. In situations where we and our partner approve, among other things, the annual budget, receive a detailed monthly reporting package, meet on a quarterly basis to review the results of the joint venture, review and approve the joint venture's tax return before filing, and approve all leases that cover more than a nominal amount of space relative to the total rentable space at each property, we do not consolidate the joint venture as we consider these to be substantive participation rights that result in shared power of the activities that most significantly impact the performance of the joint venture. Our joint venture agreements typically contain certain protective rights such as 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 other than temporarily impaired or that their carrying value may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted and without interest charges for consolidated properties) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the calculated fair value of the property. We also evaluate our real estate properties for potential impairment when a real estate property has been classified as held for sale. Real estate assets held for sale are valued at the lower of either their carrying value or fair value less costs to sell. During the three months ended September 30, 2015, we recorded a $10.0 million charge in connection with the expected sale of one of our properties. This charge is included in depreciable real estate reserves in the consolidated statements of operations. Prior to the quarter ended September 30, 2015, we do not believe that there were any indicators of impairment at this property. See Note 4, "Properties Held for Sale and Dispositions." Except as noted above, we do not believe that there were any indicators of impairment at any of our consolidated properties at September 30, 2015.

We allocate the purchase price of real estate to land and building (inclusive of tenant improvements) and, if determined to be material, intangibles, such as the value of the above- and below-market leases and origination costs associated with the in-place leases. We depreciate the amount allocated to building (inclusive of tenant improvements) over their estimated useful lives, which generally range from 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 $8.3 million, $20.9 million, $5.0 million and $16.2 million of rental revenue for the three and nine months ended September 30, 2015 and 2014, respectively, for the amortization of aggregate below-market leases in excess of above-market leases and a reduction in lease origination costs, resulting from the allocation of the purchase price of the applicable properties.

The following summarizes our identified intangible assets (acquired above-market leases and in-place leases) and intangible liabilities (acquired below-market leases) as of September 30, 2015 and December 31, 2014 (in thousands):

	September 30, 2015	December 31, 2014
Identified intangible assets (included in other assets):		
Gross amount	**$ 307,824**	$ 297,238
Accumulated amortization	**(229,643)**	(216,841)
Net	**$ 78,181**	$ 80,397
Identified intangible liabilities (included in deferred revenue):		
Gross amount	**$ 525,099**	$ 450,326
Accumulated amortization	**(339,595)**	(322,694)
Net	**$ 185,504**	$ 127,632

(1) As of September 30, 2015, $0.2 million and $0.1 million of net intangible assets and net intangible liabilities, respectively, were reclassed to assets held for sale and liabilities related to assets held for sale

Investment 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 September 30, 2015.

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

Reckson Operation Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
September 30, 2015
(unaudited)

Revenue Recognition

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

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

We record a gain on sale of real estate when title is conveyed to the buyer, subject to the buyer's financial commitment being sufficient to provide economic substance to the sale and 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 is ultimately collectible, based on the underlying collateral and operations of the borrower. If management cannot make this determination, interest income above the current pay rate is recognized only upon actual receipt.

Deferred origination fees, original issue discounts and loan origination costs, if any, are recognized as 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. For investments acquired at a discount for credit quality, the difference between contractual cash flows and expected cash flows at acquisition is not accreted. Anticipated exit fees, the collection of which is expected, are also recognized over the term of the loan as an adjustment to yield.

Debt and preferred equity investments are placed on a non-accrual status at the earlier of the date at which payments become 90 days past due or when, in the opinion of management, a full recovery of interest income becomes doubtful. Interest income recognition on any non-accrual debt or preferred equity investment is resumed when such non-accrual debt or preferred equity 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, original issue discounts, loan origination costs, discounts or premiums at the time of sale are recognized as an adjustment to the gain or loss on sale, which is included in investment income on the consolidated statements of operations. Any fees received at the time of sale or syndication are recognized as part of investment income.

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

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 investment, we will adjust our reserves accordingly. There were no loan reserves recorded during the three and nine months ended September 30, 2015 and 2014.

Income Taxes

ROP 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. No provision has been made for income taxes in the consolidated financial statements since such taxes, if any, are the responsibility of the individual partners.

Shares Contributed by Parent Company

We present shares of SL Green common stock as a contra-equity account in our financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Fair Value Measurements

See Note 10, "Fair Value Measurements."

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash investments, 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 preferred equity investments is located in New York City. See Note 5, "Debt, Preferred Equity and Other 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, Westchester County, Connecticut and New Jersey. The tenants located in our buildings operate in various industries. No tenant in the portfolio accounted for more than 5.0% of our share of annualized cash rent, including our share of joint venture annualized cash rent, at September 30, 2015. Approximately 15.3%, 9.7%, 8.1%, 7.7%, 7.4%, 7.0%, 6.6%, and 5.8% of our share of annualized cash rent was attributable to 1185 Avenue of the Americas, 625 Madison Avenue, 919 Third Avenue,750 Third Avenue, 810 Seventh Avenue, 1350 Avenue of the Americas, 555 West 57th Street, and 125 Park Avenue, respectively, for the three months ended September 30, 2015.

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Reclassification

Certain prior year balances have been reclassified to conform to our current year presentation primarily in order to include the transfer of three properties and one entity that held debt investments and financing receivables in 2015 and two properties in 2014, which were transferred subsequent to September 30, 2014.

Accounting Standards Updates

In September 2015, the Financial Accounting Standards Board, or FASB, issued final guidance to simplify the measurement-period adjustments in business combinations (Accounting Standards Update, or ASU, No. 2015-62). The guidance eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, acquirers must recognize measurement-period adjustments in the period in which they determine the amounts, including the effect on earnings of any amounts they would have recorded in previously periods if the accounting had been completed at the acquisition date. The guidance is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption of the guidance is permitted. The Company adopted the guidance during the third quarter of 2015.

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

In February 2015, the FASB, issued new guidance that amends the current consolidation guidance, including introducing a separate consolidation analysis specific to limited partnerships and other similar entities (ASU No. 2015-02). Under this analysis, limited partnerships and other similar entities will be considered a VIE unless the limited partners hold substantive kick-out rights or participating rights. The guidance is effective for annual and interim periods beginning after December 15, 2015. Early adoption of this guidance is permitted. The Company is currently evaluating the new guidance to determine the impact it may have on our consolidated financial statements.

In June 2014, the FASB issued final guidance that requires repurchase-to-maturity transactions to be accounted for as secured borrowings as if the transferor retains effective control, even though the transferred financial assets are not returned to the transferor at settlement and also eliminates existing guidance for repurchase financings (ASU No. 2014-11). New disclosures are required for (1) certain transactions accounted for as secured borrowings and (2) transfers accounted for as sales when the transferor also retains substantially all of the exposure to the economic return on the transferred financial assets throughout the term of the transaction. The guidance was effective for the first interim or annual period beginning after December 15, 2014, except for the disclosures related to transactions accounted for as secured borrowings, which are effective for periods beginning after March 15, 2015. Early adoption of this guidance is prohibited. The Company adopted the standard beginning in the third quarter of 2015 as a result of the transfer of one entity that held debt investments and financing receivables during the third quarter of 2015. The adoption of this guidance did not 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. In July 2015, the FASB voted to defer by one year the effective date of ASU No. 2014-09 for both public and nonpublic entities and give both public and private companies the option to early adopt using the original effective date. The new guidance can be applied either retrospectively to each prior reporting period presented, or as a cumulative-effect adjustment as of the date of adoption. The Company is currently evaluating the new guidance to determine the impact it may have on our consolidated financial statements.

In April 2014, the FASB issued new guidance on reporting discontinued operations which raises the threshold for disposals to qualify as discontinued operations (ASU No. 2014-08). The guidance also allows us to have a significant continuing involvement and continuing cash flows with the discontinued operations. Additionally, the guidance requires additional disclosures for discontinued operations and new disclosures for individually material disposal transactions that do not meet the definition of a discontinued operation. The guidance was effective for calendar year public companies beginning in the first quarter of 2015 and is to be applied on a prospective basis for new disposals. Early adoption of this guidance was permitted. The Company adopted the standard beginning in the first quarter of 2015. The adoption of this guidance changed the presentation of discontinued operations for all properties held for sale and/or disposed of subsequent to January 1, 2015.

3. Property Acquisition

2015 Acquisition

In July 2015, we acquired the fee interest at 110 Greene Street for $255.0 million. We are currently in the process of analyzing the purchase price allocation and, as such, we have not allocated any value to intangible assets such as above-and below-market lease or in-place leases. We acquired a 90.0% controlling interest in this property for consideration that included the issuance of $5.0 million and $6.7 million aggregate liquidation preferences of Series P and Q Preferred Units, respectively, of limited partnership interest of the Operating Partnership and cash.

2014 Acquisition

During the nine months ended September 30, 2015, we finalized the purchase price allocation based on third party appraisal and additional facts and circumstances that existed at the acquisition dates for the following 2014 acquisitions (in thousands):

	102 Greene Street[(1)]	635 Madison Ave[(1)]	115 Spring Street[(1)]
Acquisition Date	October 2014	September 2014	July 2014
Ownership Type	Fee Interest	Fee Interest	Fee Interest
Property Type	Retail	Land	Retail
Purchase Price Allocation:			
Land	$ 8,215	$ 205,632	$ 11,078
Building and building leasehold	26,717	15,805	44,799
Above-market lease value	—	—	—
Acquired in-place lease value	1,015	17,345	2,037
Other assets, net of other liabilities	3	—	—
Assets acquired	35,950	238,782	57,914
Mark-to-market assumed debt	—	—	—
Below-market lease value	3,701	85,036	4,789
Liabilities assumed	3,701	85,036	4,789
Purchase price	$ 32,249	$ 153,746	$ 53,125
Net consideration funded by us at closing, excluding consideration financed by debt	$ 32,249	$ 153,746	$ 53,125
Equity and/or debt investment held	$ —	$ —	$ —
Debt assumed	$ —	$ —	$ —

(1) Based on our preliminary analysis of the purchase price, we had allocated $11.3 million and $21.0 million to land and building, respectively, at 102 Greene Street, $153.7 million to land at 635 Madison Avenue, and $15.9 million and $37.2 million to land and building, respectively, at 115 Spring Street. The impact to our consolidated statement of operations for the nine months ended September 30, 2015 was $1.9 million in rental revenue for the amortization of aggregate below-market leases and $1.1 million of depreciation expense.

4. Properties Held for Sale and Dispositions

Properties Held for Sale

During the third quarter of 2015, we entered into an agreement to sell 140 Grand Street based on a gross sales price of $22.4 million and recorded a $10.0 million charge in connection with the expected sale. These charges are included in depreciable real estate reserves in the Consolidated Statement of Operations. See Note 2, "Significant Accounting Policies - Investments in Commercial Real Estate Properties" for further discussion.

Property Disposition

The following table summarizes the property sold during the nine months ended September 30, 2015:

Property	Disposition Date	Property Type	Approximate Usable Square Feet	Sale Price (1) (in millions)	Gain on Sale (2) (in millions)
131-137 Spring Street(3)	August 2015	Office	68,342	$ 277.8	$ 101.1

(1) Sales price represents the gross asset valuation for the interest in the property.
(2) The gain on sale for 131-137 Spring Street is net of employee compensation awards accrued in connection with the realization of the investment gain as a bonus to certain employees that were instrumental in realizing the gain on sale.
(3) We sold an 80% interest in 131-137 Spring Street and have subsequently accounted for our interest in the properties as an investment in unconsolidated joint ventures.

Discontinued Operations

The Company adopted ASU 2014-08 effective January 1, 2015. As a result, the Company classified 140 Grand Street as held for sale as of September 30, 2015, and 131-137 Spring Street as of June 30, 2015 and included the results of operations in continuing operations for all periods presented. Discontinued operations included the results of operations of real estate assets sold prior to January 1, 2015. This included 673 First Avenue, which was sold in May 2014. There were no discontinued operations for the three and nine months ended September 30, 2015.

The following table summarizes net income from discontinued operations for the three and nine months ended September 30, 2014 (in thousands):

	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Revenues		
Rental revenue	$ —	$ 7,853
Escalation and reimbursement revenues	—	1,080
Total revenues	—	8,933
Operating expenses	58	1,222
Real estate taxes	—	1,402
Ground rent	—	3,001
Interest expense, net of interest income	—	879
Depreciation and amortization	—	433
Total expenses	58	6,937
Net (loss) income from discontinued operations	$ (58)	$ 1,996

5. Debt, Preferred Equity and Other Investments

During the nine months ended September 30, 2015 and 2014, our debt and preferred equity investments, net of discounts and deferred origination fees, increased $464.9 million and $476.6 million, respectively, due to originations, purchases, advances under future funding obligations, discount amortization, and paid-in-kind interest, net of premium amortization. We recorded repayments, participations and sales of $372.1 million and $348.5 million during the nine months ended September 30, 2015 and 2014, respectively, which offset the increases in debt and preferred equity investments.

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Debt Investments

As of September 30, 2015 and December 31, 2014, we held the following debt investments with an aggregate weighted average current yield of 10.32% at September 30, 2015 (in thousands):

Loan Type	September 30, 2015 Future Funding Obligations	September 30, 2015 Senior Financing	September 30, 2015 Carrying Value [1]	December 31, 2014 Carrying Value [1]	Initial Maturity Date
Fixed Rate Investments:					
Jr. Mortgage Participation /Mezzanine Loan	$ —	$ 205,000	$ 72,541	$ 70,688	February 2016
Jr. Mortgage Participation/Mezzanine Loan[2][3]	—	—	23,371	45,611	May 2016
Jr. Mortgage Participation	—	133,000	49,000	49,000	June 2016
Mezzanine Loan	—	165,000	72,031	71,656	November 2016
Jr. Mortgage Participation/Mezzanine Loan	—	1,109,000	102,709	98,934	March 2017
Mezzanine Loan[3]	—	—	66,075	65,770	March 2017
Mezzanine Loan[4]	155	502,100	40,938	24,608	June 2017
Mezzanine Loan	—	539,000	49,666	49,629	July 2018
Mortgage Loan[5]	—	—	26,249	26,209	February 2019
Mortgage Loan	—	—	545	637	August 2019
Mezzanine Loan	—	15,000	3,500	3,500	September 2021
Mezzanine Loan[6]	—	90,000	19,934	19,930	November 2023
Mezzanine Loan	—	95,000	30,000	30,000	January 2025
Mezzanine Loan[7]	—	—	—	14,068	
Jr. Mortgage Participation[8]	—	—	—	11,934	
Total fixed rate	$ 155	$ 2,853,100	$ 556,559	$ 582,174	
Floating Rate Investments:					
Mezzanine Loan	—	775,000	74,349	73,402	March 2016
Mortgage/Mezzanine Loan	14,981	—	81,730	—	April 2016
Mezzanine Loan[9]	—	160,000	22,612	22,573	June 2016
Jr. Mortgage Participation	—	30,000	15,000	—	July 2016
Mezzanine Loan	—	115,000	24,914	24,910	July 2016
Mezzanine Loan[10]	—	110,000	50,000	49,614	September 2016
Mezzanine Loan	—	360,000	99,398	99,023	November 2016
Mezzanine Loan	9,726	304,610	64,430	—	November 2016
Mezzanine Loan[11]	12,885	127,824	48,226	42,750	December 2016
Mezzanine Loan	461	38,687	13,539	11,835	December 2016
Mortgage/Mezzanine Loan[12]	66,314	—	124,789	—	January 2017
Mezzanine Loan	1,851	118,718	27,956	20,651	January 2017
Jr. Mortgage Participation/Mezzanine Loan	1,508	117,460	40,034	38,524	July 2017
Mortgage/Mezzanine Loan	—	—	22,858	22,803	July 2017
Mortgage/Mezzanine Loan	—	—	16,887	16,848	September 2017
Mezzanine Loan	—	60,000	14,892	14,859	November 2017
Mortgage/Mezzanine Loan[13]	795	—	14,917	14,845	December 2017
Jr. Mortgage Participation	—	40,000	19,830	—	April 2018
Mezzanine Loan	—	350,000	34,698	—	April 2018

Loan Type	September 30, 2015 Future Funding Obligations		September 30, 2015 Senior Financing		September 30, 2015 Carrying Value (1)		December 31, 2014 Carrying Value (1)		Initial Maturity Date
Jr. Mortgage Participation/Mezzanine Loan		—		55,000		20,516		20,533	July 2018
Mortgage/Mezzanine Loan		1,500		—		31,185		—	August 2018
Mortgage/Mezzanine Loan		—		—		18,316		18,083	February 2019
Mezzanine Loan		—		38,000		21,835		21,807	March 2019
Mezzanine Loan(14)		—		—		—		33,726	
Mezzanine Loan(14)		—		—		—		37,322	
Mortgage/Mezzanine Loan(15)		—		—		—		109,527	
Total floating rate	$	110,021	$	2,800,299	$	902,911	$	693,635	
Total	$	110,176	$	5,653,399	$	1,459,470	$	1,275,809	

(1) Carrying value is net of discounts, premiums, original issue discounts and deferred origination fees.
(2) The $22.9 million junior mortgage participation, which matures in February 2016, was sold in July 2015.
(3) These loans are collateralized by defeasance securities.
(4) 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.
(5) In September 2014, we acquired a $26.4 million mortgage loan at a $0.2 million discount and a $5.7 million junior mortgage participation at a $5.7 million discount. The junior mortgage participation was a nonperforming loan at acquisition and is currently on non-accrual status.
(6) 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.
(7) This loan was repaid in February 2015.
(8) This loan was repaid in March 2015.
(9) 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.
(10) In August 2015, the maturity date was extended to September 2016.
(11) In February 2015, the maturity date was extended to December 2016.
(12) Carrying value is net of $25.0 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.
(13) Carrying value is net of $5.1 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.
(14) These loans were repaid in April 2015.
(15) This loan was repaid in August 2015.

Preferred Equity Investments

As of September 30, 2015 and December 31, 2014, we held the following preferred equity investments, with an aggregate weighted average current yield of 7.77% at September 30, 2015 (in thousands):

Type	September 30, 2015 Future Funding Obligations		September 30, 2015 Senior Financing		September 30, 2015 Carrying Value (1)		December 31, 2014 Carrying Value (1)		Initial Mandatory Redemption
Preferred equity(2)	$	—	$	70,000	$	9,964	$	9,954	March 2018
Preferred equity		5,580		60,387		32,185		—	November 2018
Preferred equity(3)		—		—		—		123,041	
	$	5,580	$	130,387	$	42,149	$	132,995	

(1) Carrying value is net of deferred origination fees.
(2) In March 2015, the redemption date was extended to March 2018.
(3) This investment was redeemed in July 2015.

At September 30, 2015 and December 31, 2014, all debt and preferred equity investments were performing in accordance with the terms of the relevant investments, with the exception of a junior mortgage participation acquired in September 2014, which has a carrying value of zero.

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We have determined that we have one portfolio segment of financing receivables at September 30, 2015 and December 31, 2014 comprising commercial real estate which is primarily recorded in debt and preferred equity investments. Included in other assets is an additional amount of financing receivables totaling $101.6 million and $107.0 million at September 30, 2015 and December 31, 2014, respectively. No financing receivables were 90 days past due at September 30, 2015.

Other Investments

Other investments pertain to investments accounted for under the equity method of accounting.

We have one debt and preferred equity investment which meets the criteria of a real estate investment under the guidance for Acquisition, Development and Construction arrangements and have accounted for this wholly owned investment under the equity method of accounting. As of September 30, 2015, the book value of this investment was $100.1 million, which is due to mature in March 2016, subject to three one-year extension options and a two-year option for the last extension.

During the three months ended March 31, 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 $755.0 million, inclusive of the $526.3 million mortgage encumbering the property. We recognized a gain of $85.6 million on the sale of our investment.

As of September 30, 2015, we have one investment in a real estate joint venture in which we do not control as a result of the level of our voting interest. The following table provides general information on our joint venture as of September 30, 2015:

Property	Partner	Ownership Interest	Economic Interest	Approximate Square Feet	Acquisition Date	Acquisition Price[(1)] (in thousands)
131-137 Spring Street[(2)]	Invesco Real Estate	20%	20%	68,342	August 2015	$ 277,750

(1) Acquisition price represents the actual or implied gross purchase price for the joint venture, which is not adjusted for subsequent acquisitions of additional interest.
(2) In August 2015, we sold an 80% interest in 131-137 Spring Street and through the joint venture obtained a $141.0 million 5-year, floating rate mortgage financing, which bears interest at 155 basis points over the 30-day LIBOR. These properties, which were previously wholly-owned, were accounted for in the consolidated financial statements. See Note 4, "Properties Held for Sale and Dispositions."

6. Mortgages and Other Loans Payable

The first mortgages collateralized by the property and assignment of leases at September 30, 2015 and December 31, 2014, respectively, were as follows (amounts in thousands):

Property	Maturity Date	Interest Rate[(1)]	September 30, 2015	December 31, 2014
Fixed Rate Debt:				**(as adjusted)**
919 Third Avenue[(2)]	June 2023	5.12%	**$ 500,000**	$ 500,000
711 Third Avenue[(3)]			**—**	120,000
Total fixed rate debt			**500,000**	620,000
Floating Rate Debt:				
Master Repurchase Agreement	June 2016	3.35%	**285,508**	100,000
Total floating rate debt			**285,508**	100,000
Total fixed and floating rate debt			**$ 785,508**	$ 720,000

(1) Effective weighted average interest rate for the three months ended September 30, 2015.
(2) We own a 51.0% controlling interest in the joint venture that is the borrower on this loan.
(3) In March 2015, we repaid the mortgage.

Master Repurchase Agreement

The Master Repurchase Agreement, as amended in December 2013, or MRA, provides us with the ability to sell certain debt investments with a simultaneous agreement to repurchase the same at a certain date or on demand. This MRA has a maximum facility capacity of $300.0 million and bears interest ranging from 250 and 325 basis points over 30-day LIBOR depending on the pledged collateral. In September 30, 2015 we entered into an amendment to the MRA to extend the maturity to June 29, 2016. Further, as of December 6, 2015 we will be required to pay monthly in arrears a 25 basis point fee on the excess of $150.0 million over the average daily balance during the period if the average daily balance is less than $150.0 million. We seek to mitigate risks associated with our repurchase agreement by managing the credit quality of our assets, early repayments, interest rate volatility, liquidity, and market value. The margin call provisions under our repurchase facility permit valuation adjustments based on capital markets activity, and are not limited to collateral-specific credit marks. To monitor credit risk associated with our debt investments, our asset management team regularly reviews our investment portfolio and is in contact with our borrowers in order to monitor the collateral and enforce our rights as necessary. The risk associated with potential margin calls is further mitigated by our ability to recollateralize the facility with additional assets from our portfolio of debt investments, our ability to satisfy margin calls with cash or cash equivalents and access to additional liquidity through the 2012 Credit Facility.

The gross book value of the property collateralizing the mortgages payable was $1.3 billion and $1.4 billion at September 30, 2015 and December 31, 2014, respectively.

7. Corporate Indebtedness

2012 Credit Facility

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

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

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

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

As of September 30, 2015, the 2012 credit facility, as amended, consisted of a $1.6 billion revolving credit facility, or the revolving credit facility, and an $933.0 million term loan, or the term loan facility. We also have an option, subject to customary conditions, to increase the capacity under the revolving credit facility to $3.0 billion at any time prior to the maturity date for the revolving credit facility without the consent of existing lenders, by obtaining additional commitments from our existing lenders and other financial institutions.

As of September 30, 2015, the 2012 credit facility bore interest at a spread over LIBOR ranging from (i) 87.5 basis points to 155 basis points for loans under the revolving credit facility and (ii) 95 basis points to 190 basis points for loans under the term loan facility, in each case based on the credit rating assigned to the senior unsecured long term indebtedness of ROP. At September 30, 2015, the applicable spread was 125 basis points for revolving credit facility and 140 basis points for the term loan facility. At September 30, 2015, the effective interest rate was 1.44% for the revolving credit facility and 1.66% for the term loan facility. We are required to pay quarterly in arrears a 12.5 to 30 basis point facility fee on the total commitments under the revolving credit facility based on the credit rating assigned to the senior unsecured long term indebtedness of ROP. As of September 30, 2015, the facility fee was 25 basis points. As of September 30, 2015, we had $81.2 million of outstanding letters of credit, $949.0 million drawn under the revolving credit facility and $933.0 million outstanding under the term loan facility, with total undrawn capacity of $569.8 million under the 2012 credit facility.

We, SL Green and the Operating Partnership are all borrowers jointly and severally obligated under the 2012 credit facility. None of SL Green's 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 September 30, 2015 and December 31, 2014, respectively, by scheduled maturity date (dollars in thousands):

Issuance	September 30, 2015 Unpaid Principal Balance	September 30, 2015 Accreted Balance	December 31, 2014 Accreted Balance	Coupon Rate[1]	Effective Rate	Term (in Years)	Maturity Date
March 31, 2006	**$ 255,308**	**$ 255,284**	$ 255,250	6.00%	6.00%	10	March 31, 2016
August 5, 2011[2]	**250,000**	**249,793**	249,744	5.00%	5.00%	7	August 15, 2018
March 16, 2010[2]	**250,000**	**250,000**	250,000	7.75%	7.75%	10	March 15, 2020
November 15, 2012[2]	**200,000**	**200,000**	200,000	4.50%	4.50%	10	December 1, 2022
June 27, 2005[3]	**—**	**—**	7				
	$ 955,308	**$ 955,077**	$ 955,001				

(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 SL Green, the Operating Partnership and ROP, as co-obligors.
(3) In April 2015, we redeemed the outstanding exchangeable senior debentures.

ROP also provides a guaranty of the Operating Partnership's obligations under its 3.00% Exchangeable Senior Notes due 2017.

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, SL Green's ability to pay dividends, make certain types of investments, incur additional indebtedness, incur liens and enter into negative pledge agreements and dispose of assets, and which require compliance with financial ratios relating to the maximum ratio of total indebtedness to total asset value, a minimum ratio of EBITDA to fixed charges, a maximum ratio of secured indebtedness to total asset value and a maximum ratio of unsecured indebtedness to unencumbered asset value. The dividend restriction referred to above provides that SL Green will not during any time when a default is continuing, make distributions with respect to SL Green's common stock or other equity interests, except to enable SL Green to continue to qualify as a REIT for Federal income tax purposes. As of September 30, 2015, we were in compliance with all such covenants.

Principal Maturities

Combined aggregate principal maturities of our mortgage, 2012 credit facility and senior unsecured notes as of September 30, 2015, including as-of-right extension options and put options, were as follows (in thousands):

	Scheduled Amortization	Principal Repayments	Revolving Credit Facility	Unsecured Term Loan	Senior Unsecured Notes	Total
Remaining 2015	$ —	$ —	$ —	$ —	$ —	$ —
2016	3,566	285,508	—	—	255,308	544,382
2017	7,411	—	—	—	—	7,411
2018	7,799	—	—	—	250,000	257,799
2019	8,207	—	—	933,000	—	941,207
Thereafter	31,423	441,594	949,000	—	450,000	1,872,017
	$ 58,406	$ 727,102	$ 949,000	$ 933,000	$ 955,308	$ 3,622,816

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
		(as adjusted)		(as adjusted)
Interest expense	**$ 31,136**	$ 32,697	**$ 86,873**	$ 98,170
Interest income	**(4)**	(8)	**(17)**	(19)
Interest expense, net	**$ 31,132**	$ 32,689	**$ 86,856**	$ 98,151
Interest capitalized	**$ —**	$ 937	**$ 1,107**	$ 2,835

8. Preferred Units

Through a consolidated subsidiary, we have authorized up to 109,161 3.5% Series A Preferred Units of limited partnership interest, or the Greene Series A Preferred Units, with a liquidation preference of $1,000.00 per unit. In August 2015, the Company issued 109,161 Greene Series A Preferred Units in conjunction with an acquisition. The Greene Series A Preferred unitholders receive annual dividends of $35.00 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Greene Series A Preferred Units can be redeemed at any time, at the option of the unitholder, either for cash or are convertible on a one-for-one basis, into the Series B Preferred Units of limited partnership interest, or the Greene Series B Preferred Units. The Greene Series B Preferred Units can be converted at any time, at the option of the unitholder, into a number of common stock equal to 6.71348 shares of SL Green common stock for each Greene Series B Preferred Unit. As of September 30, 2015, no Greene Series B Preferred Units have been issued.

ASC 815 Derivatives and Hedging requires bifurcation of certain embedded derivative instruments, such as conversion features in convertible equity instruments, and their measurement at fair value for accounting purposes. The conversion feature embedded in the Greene Series A Preferred Units was evaluated, and it was determined that the conversion feature should be bifurcated from its host instrument and accounted for as a freestanding derivative. The derivative is reported as a derivative liability in accrued interest and other liabilities on the accompanying consolidated balance sheet and is adjusted to its fair value at each reporting date, with a corresponding adjustment to interest expense, net of interest income. The embedded derivative for the Greene Series A Preferred Units was initially recorded at a fair value of $12.5 million on July 22, 2015, the date of issuance. At September 30, 2015, the carrying amount of the derivative was adjusted to its fair value of $14.3 million, with a corresponding adjustment to interest expense, net of interest income.

9. Partners' Capital

Since consummation of the Merger on January 25, 2007, the Operating Partnership has owned all the economic interests in ROP either by direct ownership or by indirect ownership through our general partner, which is its wholly-owned subsidiary.

Intercompany transactions between SL Green and ROP are generally recorded as contributions and distributions.

10. Fair Value Measurements

We are required to disclose fair value information with regard to our financial instruments, whether or not recognized in the consolidated balance sheets, for which it is practical to estimate fair value. The FASB guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. We measure and/or disclose the estimated fair value of financial assets and liabilities based on a hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions. This hierarchy 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 basis. In instances in which the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level of input that is significant to the fair value measurement in its entirety. Our assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

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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, preferred equity investments, mortgages and other loans payable and other secured and unsecured debt. The carrying amount of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued expenses reported in our consolidated balance sheets approximates fair value due to the short term nature of these instruments. The fair value of 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 instrument 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 September 30, 2015 and December 31, 2014 (in thousands):

	September 30, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value (as adjusted)	Fair Value (as adjusted)
Debt and preferred equity investments	**$ 1,501,619** (1)	(2)	$ 1,408,804 (1)	(2)
Fixed rate debt	**$ 1,485,077**	**$ 1,612,657**	$ 1,605,001	$ 1,737,673
Variable rate debt	**2,137,508**	**2,192,025**	1,288,000	1,230,470
	$ 3,622,585	**$ 3,804,682**	$ 2,893,001	$ 2,968,143

(1) Excludes one investment with a book value of $100.1 million and $100.0 million as of September 30, 2015 and December 31, 2014, respectively, which we accounted for under the equity method accounting as a result of meeting the criteria of a real estate investment under the guidance for Acquisition, Development and Construction arrangements, and other investments with a book value of $90.3 million.

(2) At September 30, 2015, debt and preferred equity investments had an estimated fair value ranging between $1.7 billion and $1.9 billion. At December 31, 2014, preferred equity investments had an estimated fair value ranging between $1.5 billion and $1.8 billion.

Disclosure about fair value of financial instruments was based on pertinent information available to us as of September 30, 2015 and December 31, 2014. Although we are not aware of any factors that would significantly affect the reasonable fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

11. Financial Instruments: Derivatives and Hedging

In the normal course of business, we use a variety of commonly used derivative instruments, such as interest rate swaps, caps, collar and floors, to manage, or hedge interest rate risk. We hedge our exposure to variability in future cash flows for forecasted transactions in addition to anticipated future interest payments on existing debt. We recognize all derivatives on the balance sheets at fair value. Derivatives that are not hedges are adjusted to fair value through earnings. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedge asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. Reported net income and capital 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.

As of September 30, 2015, the Company had designated an interest swap agreement on $30.0 million of the 2012 credit facility. The following table summarizes the notional and fair value of our derivative financial instrument at September 30, 2015 based on Level 2 inputs. The notional value is an indication of the extent of our involvement in that instrument at that time, but does not represent exposure to credit, interest rate or market risks.

	Notional Value	Strike Rate	Effective Date	Expiration Date	Balance Sheet Location	Fair Value
Interest Rate Swap	$ 30,000	2.295%	July 2010	June 2016	Other Liabilities	$ (415)

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 senior unsecured notes. As of September 30, 2015 and December 31, 2014, the deferred net losses from these terminated hedges, which are included in accumulated other comprehensive loss relating to net unrealized loss on derivative instrument, was approximately $2.1 million and $2.3 million, respectively.

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 $0.8 million of the current balance held in accumulated other comprehensive loss will be reclassified into interest expense within the next 12 months.

The following table presents the effect of our derivative financial instrument that is designated and qualifies as a hedging instrument on the consolidated statements of operations for the three months ended September 30, 2015 and 2014, respectively (in thousands):

	Amount of Loss Recognized in Other Comprehensive Loss (Effective Portion)		Location of Loss Reclassified from Accumulated Other Comprehensive Loss into Income	Amount of Gain Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Location of Gain Recognized in Income on Derivative	Amount of Gain Recognized into Income (Ineffective Portion)	
	Three Months Ended September 30,			Three Months Ended September 30,			Three Months Ended September 30,	
Derivative	2015	2014		2015	2014		2015	2014
Interest Rate Swap	$ (30)	$ 21	Interest expense	$ 252	$ 246	Interest expense	$ 1	$ 1

The following table presents the effect of our derivative financial instrument that is designated and qualifies as a hedging instrument on the consolidated statements of operations for the nine months ended September 30, 2015 and 2014, respectively (in thousands):

	Amount of Loss Recognized in Other Comprehensive Loss (Effective Portion)		Location of Loss Reclassified from Accumulated Other Comprehensive Loss into Income	Amount of Gain Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Location of Gain Recognized in Income on Derivative	Amount of Gain Recognized into Income (Ineffective Portion)	
	Nine Months Ended September 30,			Nine Months Ended September 30,			Nine Months Ended September 30,	
Derivative	2015	2014		2015	2014		2015	2014
Interest Rate Swap	$ (125)	$ (88)	Interest expense	$ 751	$ 732	Interest expense	$ 3	$ 3

12. 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. An affiliate of ours has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to certain tenants at certain buildings above the base services specified in their lease agreements. Income earned from profit participation, which is included in other income on the consolidated statements of operations, was $0.8 million and $2.5 million for both the three and nine months ended September 30, 2015 and 2014, respectively. We also recorded expenses of $2.7 million, $6.7 million, $2.4 million and $6.1

million for the three and nine months ended September 30, 2015 and 2014, respectively, for these services (excluding services provided directly to tenants).

Allocated Expenses from SL Green

Property operating expenses include an allocation of salary and other operating costs from SL Green based on square footage of the related properties. Such amount was approximately $2.4 million for both the three months ended September 30, 2015 and 2014, and $7.4 million and $7.0 million for the nine months ended September 30, 2015 and 2014, respectively.

Insurance

We obtain insurance coverage through an insurance program administered by SL Green. In connection with this program, we incurred insurance expense of approximately $1.7 million, $5.0 million, $1.6 million and $4.8 million for the three and nine months ended September 30, 2015 and 2014, respectively.

Related Party Receivable from SL Green

On July 22, 2015, our parent company issued a promissory note to us in the amount of $90.0 million, which bears interest at an annual rate of 6.0%, compounded quarterly, and matures on July 22, 2017.

13. Commitments and Contingencies

Legal Proceedings

As of September 30, 2015, we were not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against us or our portfolio which if adversely determined could have a material adverse impact on us other than routine litigation arising in the ordinary course of business or litigation that is adequately covered by insurance.

Environmental Matters

Our management believes that the properties are in compliance in all material respects with applicable Federal, state and local ordinances and regulations regarding environmental issues. Management is not aware of any environmental liability that it believes would have a materially adverse impact on our financial position, results of operations or cash flows. Management is unaware of any instances in which it would incur significant environmental cost if any of our properties were sold.

Ground Leases Arrangements

The following is a schedule of future minimum lease payments under non-cancellable operating leases with initial terms in excess of one year as of September 30, 2015 (in thousands):

	Non-cancellable operating leases
Remaining 2015	$ 5,084
2016	20,440
2017	20,586
2018	20,586
2019	20,586
Thereafter	348,672
Total minimum lease payments	$ 435,954

14. Segment Information

We are engaged in acquiring, owning, managing and leasing commercial properties in Manhattan, Brooklyn, Westchester County, Connecticut and New Jersey and have two reportable segments, real estate and preferred equity investments. We evaluate real estate performance and allocate resources based on earnings contribution to income from continuing operations.

The primary sources of revenue are generated from tenant rents and escalations and reimbursement revenue. Real estate property operating expenses consist primarily of security, maintenance, utility costs, real estate taxes and ground rent expense (at certain applicable properties). See Note 5, "Debt, Preferred Equity and Other Investments," for additional details on our debt and preferred equity investments.

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Selected results of operations for the three and nine months ended September 30, 2015 and 2014, and selected asset information as of September 30, 2015 and December 31, 2014, regarding our operating segments are as follows (in thousands):

	Real Estate Segment	Debt and Preferred Equity Segment	Total Company
Total revenues:			
Three months ended:			
September 30, 2015	$ 189,091	$ 48,560	$ 237,651
September 30, 2014, as adjusted	169,218	42,946	212,164
Nine months ended:			
September 30, 2015	$ 551,430	$ 135,520	$ 686,950
September 30, 2014, as adjusted	497,148	135,996	633,144
Income from continuing operations:			
Three months ended:			
September 30, 2015	$ 112,460	$ 44,648	$ 157,108
September 30, 2014, as adjusted	11,961	38,520	50,481
Nine months ended:			
September 30, 2015	$ 166,904	$ 123,522	$ 290,426
September 30, 2014, as adjusted	117,530	118,882	236,412
Total assets			
As of:			
September 30, 2015	$ 7,060,274	$ 1,644,836	$ 8,705,110
December 31, 2014, as adjusted	6,763,665	1,540,108	8,303,773

Income from continuing operations represents total revenues less total expenses for the real estate segment and total investment income and equity in net income from unconsolidated joint venture less allocated interest expense and provision for loan losses for the debt and preferred equity segment. Interest costs for the debt and preferred equity segment are imputed assuming the portfolio is 100% leveraged by our 2012 revolving credit facility 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 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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Reckson Operating Partnership, L.P., or ROP, commenced operations on June 2, 1995. The sole general partner of ROP is a wholly-owned subsidiary of SL Green Operating Partnership, L.P., or the Operating Partnership. The sole limited partner of ROP is the Operating Partnership.

ROP is engaged in the acquisition, ownership, management and operation of commercial and residential real estate properties, principally office properties, and also owns land for future development, located in New York City, Westchester County, Connecticut and New Jersey, which collectively is also known as the New York Metropolitan area.

SL Green transferred one property and 40% of SL Green's tenancy in common interest in a fee interest with total assets of $207.7 million during the first quarter of 2015 to ROP, and one additional property and the remaining 60% of SL Green's tenancy in common interest in a fee interest with total assets of $187.3 million during second quarter of 2015 to ROP. During the third quarter of 2015, SL Green transferred one entity that held debt investments and financing receivables with an aggregate carrying value of $1.7 billion to ROP. Subsequent to September 30, 2014, SL Green transferred two properties with total assets aggregating to $587.6 million as of December 31, 2014 to ROP. Under the business combinations guidance (Accounting Standard Codification, or ASC, 805-50), these transfers were determined to be transfers of businesses between the indirect parent company and its wholly-owned subsidiary. As such, the assets and liabilities of the properties were transferred at their carrying values and were recorded as of the beginning of the current reporting period as though the assets and liabilities had been transferred at that date. The financial statements and financial information presented for all prior periods have been retrospectively adjusted to furnish comparative information.

As of September 30, 2015, we owned the following interests in commercial and residential properties in the New York Metropolitan area, primarily in midtown Manhattan. Our investments in the New York Metropolitan area also include investments in Brooklyn, Westchester County, Connecticut and New Jersey, which are collectively known as the Suburban properties:

Location	Type	Number of Properties	Approximate Square Feet	Weighted Average Occupancy[1]
Commercial:				
Manhattan	Office	16	8,463,245	95.8%
	Retail[2][3]	5	352,892	98.8%
	Fee Interest	2	197,654	100.0%
		23	9,013,791	96.0%
Suburban	Office[4]	20	3,417,900	81.8%
	Retail	1	52,000	100.0%
		21	3,469,900	82.1%
Total commercial properties		44	12,483,691	92.1%
Residential:				
Manhattan	Residential[2]	—	222,855	91.0%
Total portfolio		44	12,706,546	92.1%

(1) The weighted average occupancy for commercial properties represents the total leased 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 September 30, 2015, we owned a building that was comprised of approximately 270,132 square feet of retail space and approximately 222,855 square feet of residential space. For the purpose of this report, we have included the building in the retail properties count and have bifurcated the square footage into the retail and residential components.
(3) Includes two unconsolidated joint venture retail properties at 131-137 Spring Street comprised of approximately 68,342 square feet.
(4) Includes one office property held for sale as of September 30, 2015.

As of September 30, 2015, we also held debt, preferred equity and other investments with a book value of $1.6 billion.

Critical Accounting Policies

Refer to our 2014 Annual Report on Form 10-K 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 three and nine months ended September 30, 2015.

Results of Operations

Comparison of the three months ended September 30, 2015 to the three months ended September 30, 2014

The following section compares the results of operations for the three months ended September 30, 2015 to the three months ended September 30, 2014 for the 44 properties owned by ROP. The Company adopted ASU 2014-08 effective January 1, 2015. As a result, the Company classified 140 Grand Street as held for sale as of September 30, 2015 and included the results of operations in continuing operations for all periods presented. Any assets sold or held for sale prior to January 1, 2015 are excluded from income from continuing operations and from the following discussion.

(in thousands)	2015	2014	$ Change	% Change
		(as adjusted)		
Rental revenue, net	$ 159,381	$ 143,548	$ 15,833	11.0 %
Escalation and reimbursement	25,870	24,504	1,366	5.6 %
Investment income	49,660	42,946	6,714	15.6 %
Other income	2,740	1,166	1,574	135.0 %
Total revenues	237,651	212,164	25,487	12.0 %
Property operating expenses	84,081	78,988	5,093	6.4 %
Transaction related costs	2,887	1,832	1,055	57.6 %
Marketing, general and administrative	102	76	26	34.2 %
	87,070	80,896	6,174	7.6 %
Net operating income	150,581	131,268	19,313	14.7 %
Interest expense and amortization of financing costs, net of interest income	(33,550)	(34,665)	1,115	(3.2)%
Depreciation and amortization	(51,490)	(48,197)	(3,293)	6.8 %
Equity in net income from unconsolidated joint venture	2,296	2,075	221	10.7 %
Gain on sale of real estate	101,069	—	101,069	100.0 %
Depreciable real estate reserves	(9,998)	—	(9,998)	100.0 %
Unrealized loss on embedded derivative	(1,800)	—	(1,800)	100.0 %
Income from continuing operations	157,108	50,481	106,627	211.2 %
Net income from discontinued operations	—	(58)	58	(100.0)%
Gain on sale of discontinued operations	—	(250)	250	(100.0)%
Net income	$ 157,108	$ 50,173	$ 106,935	213.1 %

Rental, Escalation and Reimbursement Revenues

Rental revenue increased primarily as a result of an increase in occupancy ($7.0 million), the acquisitions of three properties in 2014 ($6.4 million), and one property that was placed in service in July 2015 ($2.3 million).

Escalation and reimbursement revenue increased primarily as a result of higher real estate tax recoveries ($1.7 million).

Occupancy in our Manhattan office operating properties was 95.8% at September 30, 2015 compared to 92.0% at September 30, 2014. Occupancy in our Suburban office operating properties was 81.8% at September 30, 2015 compared to 80.2% at September 30, 2014. At September 30, 2015, approximately 2.5% and 3.9% of the space leased at our Manhattan and Suburban operating properties, respectively, is expected to expire during the remainder of 2015. Based on our estimates, the current market asking rents on all our Manhattan operating properties for leases that are expected to expire during the remainder of 2015 would be approximately 17.7% higher than the existing in-place fully escalated rents while the current market asking rents on all our Manhattan operating properties for leases that are scheduled to expire in future years would be approximately 9.1% higher than the existing in-place fully escalated rents. Based on our estimates, the current market asking rents on all our Suburban operating properties for leases that are expected to expire during the remainder of 2015 would be approximately 8.3% lower than the existing in-place fully escalated rents while the current market asking rents on all our Suburban operating properties for leases that are scheduled to expire in future years would be approximately 7.1% higher than the existing in-place fully escalated rents.

Investment Income

Investment income increased primarily as a result of additional income recognized in connection with the early repayment of mortgage and mezzanine positions ($2.3 million) and the sale of a junior mortgage position ($1.2 million), and a higher weighted average investment balance compared to the same period in 2014, partially offset by a lower weighted average yield during the third quarter of 2015. For the three months ended September 30, 2015, the weighted average debt and preferred equity investment balance outstanding and weighted average yield were $1.6 billion and 10.1%, respectively, compared to $1.5 billion and 10.5%, respectively, for the same period in 2014. This increase was partially offset by the repayment of one of our mezzanine investments in 2014 which resulted in additional income ($0.8 million). As of September 30, 2015, the debt and preferred equity investments had a weighted average term to maturity of 1.7 years.

Other Income

Other income increased primarily as a result of a lease termination fee received at 919 Third Avenue in 2015 ($1.2 million).

Property Operating Expenses

Property operating expenses increased primarily as a result of higher real estate taxes resulting from higher assessed values and tax rates ($3.2 million), professional fees ($0.7 million) and payroll ($0.4 million).

Transaction Related Costs

Transaction related costs for the three months ended September 30, 2015 includes costs incurred relating to one property acquired in 2015. Transaction related costs for the three months ended September 30, 2014 includes costs incurred relating to the properties acquired in 2014.

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

Interest expense and amortization of financing costs, net of interest income, decreased primarily as a result of the repayment of debt at 625 Madison Avenue ($2.2 million) and 125 Park Avenue ($1.4 million) during the fourth quarter of 2014 and 711 Third ($1.6 million) in the first quarter of 2015, and the repayment of 5.875% senior notes in August 2014 ($1.1 million), partially offset by increased borrowings on the 2012 credit facility ($2.8 million) and the MRA ($1.0 million), and one property that was placed in service ($0.9 million).

Depreciation and amortization

Depreciation and amortization increased primarily as a result of the properties acquired in 2014 ($2.7 million).

Gain on Sale of Real Estate

During the three months ended September 30, 2015, we recognized a gain on sale associated with the sale of an 80% interest in 131-137 Spring Street ($101.1 million).

Depreciable Real Estate Reserves

During the three months ended September 30, 2015, we recorded a $10.0 million charge in connection with the expected sale of one of our properties.

Comparison of the nine months ended September 30, 2015 to the nine months ended September 30, 2014

The following section compares the results of operations for the nine months ended September 30, 2015 to the nine months ended September 30, 2014 for the 44 properties owned by ROP. The Company adopted ASU 2014-08 effective January 1, 2015. As a result, the Company classified 140 Grand Street as held for sale as of September 30, 2015 and included the results of operations in continuing operations for all periods presented. Any assets sold or held for sale prior to January 1, 2015 are excluded from income from continuing operations and from the following discussion.

(in thousands)	**2015**	**2014**	**$ Change**	**% Change**
		(as adjusted)		
Rental revenue, net	$ 461,858	$ 426,986	$ 34,872	8.2 %
Escalation and reimbursement	72,080	67,188	4,892	7.3 %
Investment income	136,620	135,996	624	0.5 %
Other income	16,392	2,974	13,418	451.2 %
Total revenues	686,950	633,144	53,806	8.5 %
Property operating expenses	245,425	228,734	16,691	7.3 %
Transaction related costs	2,842	3,080	(238)	(7.7)%
Marketing, general and administrative	366	269	97	36.1 %
	248,633	232,083	16,550	7.1 %
Net operating income	438,317	401,061	37,256	9.3 %
Interest expense and amortization of financing costs, net of interest income	(92,530)	(104,015)	11,485	(11.0)%
Depreciation and amortization	(151,159)	(147,988)	(3,171)	2.1 %
Equity in net income from unconsolidated joint venture	6,576	2,314	4,262	184.2 %
Equity in net gain on sale of unconsolidated joint venture	—	85,559	(85,559)	(100.0)%
Gain on sale of real estate	101,069	—	101,069	100.0 %
Depreciable reserves	(9,998)	—	(9,998)	100.0 %
Unrealized loss on embedded derivative	(1,800)	—	(1,800)	100.0 %
Loss on early extinguishment of debt	(49)	(519)	470	(90.6)%
Income from continuing operations	290,426	236,412	54,014	22.8 %
Net income from discontinued operations	—	1,996	(1,996)	(100.0)%
Gain on sale of discontinued operations	—	117,579	(117,579)	(100.0)%
Net income	$ 290,426	$ 355,987	$ (65,561)	(18.4)%

Rental, Escalation and Reimbursement Revenues

Rental revenue increased primarily as a result of an increase in occupancy ($18.8 million), the acquisitions of three properties in 2014 ($11.4 million), and one property that was placed in service ($4.3 million).

Escalation and reimbursement revenue increased primarily as a result of higher real estate tax recoveries ($4.4 million).

Other Income

Other income increased primarily as a result of a lease termination fee received at 919 Third Avenue in 2015 ($12.5 million).

Property Operating Expenses

Property operating expenses increased primarily as a result of higher real estate taxes resulting from higher assessed values and tax rates ($9.3 million), repairs and maintenance ($2.1 million), and other operating expenses ($1.8 million).

Transaction Related Costs

Transaction related costs for the nine months ended September 30, 2015 includes costs incurred relating to one property acquired in 2015. Transaction related costs for the nine months ended September 30, 2014 includes costs incurred relating to the properties acquired in 2014.

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

Interest expense and amortization of financing costs, net of interest income, decreased primarily as a result of the repayment of debt at 625 Madison Avenue ($6.6 million) and 125 Park Avenue ($4.3 million) during the fourth quarter of 2014, 711 Third ($3.2 million) in the first quarter of 2015, the redemption of a preferred equity investment which secured a loan during the fourth quarter of 2014 ($3.1 million), the repayment of 5.875% senior notes in August 2014 ($2.8 million), and decreased borrowings on our MRA ($1.2 million). These decreases were partially offset by increased borrowings on the 2012 credit facility ($8.1 million) and one property that was placed in service ($1.7 million).

Depreciation and Amortization

Depreciation and amortization increased primarily as a result of the the properties acquired in 2014 ($5.2 million), and one property that was placed in service ($0.9 million). These increases were partially offset by the sale of an 80% interest in 131-137 Spring Street which resulted in the deconsolidation of the property ($1.7 million).

Equity in Net Income from Unconsolidated Joint Venture

Equity in net income from unconsolidated joint venture increased primarily as a result of net loss recognized in the first three months of 2014 from the West Coast Office portfolio ($2.4 million), which interests were sold in March 2014, a debt and preferred equity investment that was originated in the first quarter of 2014 ($1.8 million)

Equity in Net Gain on Sale of Unconsolidated Joint Venture

During nine months ended September 30, 2014, we recorded gains on the sale of a portfolio of office properties primarily in Southern California, or the "West Coast portfolio" ($85.6 million).

Gain on Sale of Real Estate

During the nine months ended September 30, 2015, we recognized a gain on sale associated with the sale of an 80% interest in 131-137 Spring Street ($101.1 million).

Depreciable Real Estate Reserves

During the nine months ended September 30, 2015, we recorded a $10.0 million charge in connection with the expected sale of one of our properties.

Discontinued Operations

Discontinued operations for the nine months ended September 30, 2014 included the gain recognized on the sale of 673 First Avenue ($117.6 million) and the results of operations for 673 First Avenue, which was sold in May 2014.

Liquidity and Capital Resources

On January 25, 2007, we were acquired by SL Green. See Item 7 "Management's Discussion and Analysis Liquidity and Capital Resources" in SL Green and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2014 for a complete discussion of additional sources of liquidity available to us due to our indirect ownership by SL Green.

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 development or redevelopment of properties, tenant improvements, leasing costs, repurchases or repayments of outstanding indebtedness (which may include exchangeable debt) and for preferred equity investments will include:

(1) cash flow from operations;
(2) cash on hand;
(3) borrowings under the 2012 credit facility;
(4) other forms of secured or unsecured financing;
(5) net proceeds from divestitures of properties and redemptions, participations and dispositions of preferred equity investments; and
(6) proceeds from debt offerings by us.

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 preferred equity investment program will continue to serve as a source of operating cash flow.

We believe that our sources of working capital, specifically our cash flow from operations and SL Green's liquidity are adequate for us to meet our short-term and long-term liquidity requirements for the foreseeable future.

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 $45.7 million and $35.4 million at September 30, 2015 and 2014, respectively, representing an increase of $10.3 million. The increase was a result of the following changes in cash flows (in thousands):

	Nine Months Ended September 30,		
	2015	**2014** (as adjusted)	**Change**
Net cash provided by operating activities	**$ 236,425**	$ 196,200	$ 40,225
Net cash used in investing activities	**$ (20,207)**	$ (472,893)	$ 452,686
Net cash used in financing activities	**$ (205,193)**	$ 263,024	$ (468,217)

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 make distributions to SL Green. At September 30, 2015, our operating portfolio was 92.1% occupied. Our debt and preferred investments also provide a steady stream of operating cash flow to us.

Cash is used in investing activities to fund acquisitions, development or redevelopment projects and recurring and nonrecurring capital expenditures. We selectively invest in new projects that enable us to take advantage of our development, leasing, financing and property management skills and invest in existing buildings that meet our investment criteria. During the nine months ended September 30, 2015, when compared to the nine months ended September 30, 2014, we used cash primarily for the following investing activities (in thousands):

Acquisitions of real estate property	$ 375,652
Capital expenditures and capitalized interest	$ 16,353
Net proceeds from sale of real estate/joint venture interest	(20,467)
Joint venture investments	58,412
Distributions from unconsolidated joint ventures	28,158
Repayment or redemption of preferred equity and other investments, net of originations or investments	(7,417)
Restricted cash—capital improvements	1,995
Decrease in net cash used in investing activities	$ 452,686

Funds spent on capital expenditures, which comprise building and tenant improvements, decreased from $74.7 million for the nine months ended September 30, 2014 compared to $58.4 million for the nine months ended September 30, 2015. The decrease in capital expenditures relate primarily to lower costs incurred in connection with the redevelopment of a property and the build-out of space for tenants.

We generally fund our investment activity through property-level financing, our 2012 credit facility, senior unsecured notes and sale of real estate. During the nine months ended September 30, 2015, when compared to the nine months ended September 30, 2014, we used cash for the following financing activities (in thousands):

Repayments under our debt obligations	$ (599,313)
Proceeds from debt obligations	1,072,402
Contributions from common unitholder and noncontrolling interests	(73,859)
Distributions to common unitholder and noncontrolling interests	(886,771)
Obligation related to mortgage loan participation	25,000
Deferred loan costs	(5,676)
Increase in cash used in financing activities	$ (468,217)

Capitalization

All of our issued and outstanding Class A common units are owned by Wyoming Acquisition GP LLC or the Operating Partnership.

Corporate Indebtedness

2012 Credit Facility

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

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

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

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

As of September 30, 2015, the 2012 credit facility, as amended, consisted of a $1.6 billion revolving credit facility, or the revolving credit facility, and an $933.0 million term loan, or the term loan facility. We also have an option, subject to customary conditions, to increase the capacity under the revolving credit facility to $3.0 billion at any time prior to the maturity date for the revolving credit facility without the consent of existing lenders, by obtaining additional commitments from our existing lenders and other financial institutions.

As of September 30, 2015, the 2012 credit facility bore interest at a spread over LIBOR ranging from (i) 87.5 basis points to 155 basis points for loans under the revolving credit facility and (ii) 95 basis points to 190 basis points for loans under the term loan facility, in each case based on the credit rating assigned to the senior unsecured long term indebtedness of ROP. At September 30, 2015, the applicable spread was 125 basis points for revolving credit facility and 140 basis points for the term loan facility. At September 30, 2015, the effective interest rate was 1.44% for the revolving credit facility and 1.66% for the term loan facility. We are required to pay quarterly in arrears a 12.5 to 30 basis point facility fee on the total commitments under the revolving credit facility based on the credit rating assigned to the senior unsecured long term indebtedness of ROP. As of September 30, 2015, the facility fee was 25 basis points. As of September 30, 2015, we had $81.2 million of outstanding letters of credit, $949.0 million drawn under the revolving credit facility and $933.0 million outstanding under the term loan facility, with total undrawn capacity of $569.8 million under the 2012 credit facility.

We, SL Green and the Operating Partnership are all borrowers jointly and severally obligated under the 2012 credit facility. None of SL Green's other subsidiaries are obligors under the 2012 credit facility.

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

Senior Unsecured Notes

The following table sets forth our senior unsecured notes and other related disclosures as of September 30, 2015 and December 31, 2014, respectively, by scheduled maturity date (dollars in thousands):

Issuance	September 30, 2015 Unpaid Principal Balance	September 30, 2015 Accreted Balance	December 31, 2014 Accreted Balance	Coupon Rate[1]	Effective Rate	Term (in Years)	Maturity Date
March 31, 2006	**$ 255,308**	**$ 255,284**	$ 255,250	6.00%	6.00%	10	March 31, 2016
August 5, 2011[2]	**250,000**	**249,793**	249,744	5.00%	5.00%	7	August 15, 2018
March 16, 2010[2]	**250,000**	**250,000**	250,000	7.75%	7.75%	10	March 15, 2020
November 15, 2012[2]	**200,000**	**200,000**	200,000	4.50%	4.50%	10	December 1, 2022
June 27, 2005[3]	**—**	**—**	7				
	$ 955,308	**$ 955,077**	$ 955,001				

(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 SL Green, the Operating Partnership and ROP, as co-obligors.
(3) In April 2015, we redeemed the outstanding exchangeable senior debentures.

ROP also provides a guaranty of the Operating Partnership's obligations under its 3.00% Exchangeable Senior Notes due 2017.

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, SL Green's ability to pay dividends, make certain types of investments, incur additional indebtedness, incur liens and enter into negative pledge agreements and dispose of assets, and which require compliance with financial ratios relating to the maximum ratio of total indebtedness to total asset value, a minimum ratio of EBITDA to fixed charges, a maximum ratio of secured indebtedness to total asset value and a maximum ratio of unsecured indebtedness to unencumbered asset value. The dividend restriction referred to above provides that SL Green will not during any time when a default is continuing, make distributions with respect to SL Green's common stock or other equity interests, except to enable SL Green to continue to qualify as a REIT for Federal income tax purposes. As of September 30, 2015, we were in compliance with all such covenants.

Master Repurchase Agreement

The Master Repurchase Agreement, as amended in December 2013, or MRA, provides us with the ability to sell certain debt investments with a simultaneous agreement to repurchase the same at a certain date or on demand. This MRA has a maximum facility capacity of $300.0 million and bears interest ranging from 250 and 325 basis points over 30-day LIBOR depending on the pledged collateral. In September 30, 2015 we entered into an amendment to the MRA to extend the maturity to June 29, 2016. Further, as of December 6, 2015 we will be required to pay monthly in arrears a 25 basis point fee on the excess of $150.0 million over the average daily balance during the period if the average daily balance is less than $150.0 million. We seek to mitigate risks associated with our repurchase agreement by managing the credit quality of our assets, early repayments, interest rate volatility, liquidity, and market value. The margin call provisions under our repurchase facility permit valuation adjustments based on capital markets activity, and are not limited to collateral-specific credit marks. To monitor credit risk associated with our debt investments, our asset management team regularly reviews our investment portfolio and is in contact with our borrowers in order to monitor the collateral and enforce our rights as necessary. The risk associated with potential margin calls is further mitigated by our ability to recollateralize the facility with additional assets from our portfolio of debt investments, our ability to satisfy margin calls with cash or cash equivalents and access to additional liquidity through the 2012 Credit Facility.

Interest Rate Risk

We are exposed to changes in interest rates primarily from our variable rate debt. Our exposure to interest rate changes are managed through either the use of interest rate derivative instruments and/or through our variable rate preferred equity investments. A hypothetical 100 basis point increase in interest rates along the entire interest rate curve for 2015 would increase our annual interest cost, net of interest income from variable rate preferred equity investments, by approximately $12.5 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 $1.5 billion of long term debt that bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. Our variable rate debt as of September 30, 2015 bore interest based on a spread of LIBOR plus 125 basis points to LIBOR plus 140 basis points.

Contractual Obligations

Refer to our 2014 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 three and nine months ended September 30, 2015.

Off-Balance Sheet Arrangements

We have off-balance sheet investments, including preferred equity investments. These investments all have varying ownership structures. Our off-balance sheet arrangements are discussed in Note 5, "Debt, Preferred Equity and Other Investments," in the accompanying consolidated financial statements.

Capital Expenditures

We estimate that for the year ended December 31, 2015, we expect to incur $9.7 million of recurring capital expenditures and $22.7 million of development or redevelopment expenditures, net of loan reserves, (including tenant improvements and leasing commissions) on existing properties. We expect to fund these capital expenditures with operating cash flow, existing liquidity, or incremental property level mortgage borrowings. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs. We expect our capital needs over the next twelve-months and thereafter will be met through a combination of cash on hand, net cash provided by operations, borrowings, potential asset sales or additional debt issuances.

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. An affiliate of ours has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to certain tenants at certain buildings above the base services specified in their lease agreements. Income earned from profit participation, which is included in other income on the consolidated statements of operations, was $0.8 million and $2.5 million for both the three and nine months ended September 30, 2015 and 2014, respectively. We also recorded expenses of $2.7 million, $6.7 million, $2.4 million and $6.1 million for the three and nine months ended September 30, 2015 and 2014, respectively, for these services (excluding services provided directly to tenants).

Allocated Expenses from SL Green

Property operating expenses include an allocation of salary and other operating costs from SL Green based on square footage of the related properties. Such amount was approximately $2.4 million for both the three months ended September 30, 2015 and 2014, and $7.4 million and $7.0 million for the nine months ended September 30, 2015 and 2014, respectively.

Insurance

SL Green maintains “all-risk” property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism) within three property insurance portfolios and liability insurance. The first property portfolio maintains a blanket limit of $950.0 million per occurrence, including terrorism, for the majority of the New York City properties in our portfolio and expires December 31, 2015. The second portfolio maintains a limit of $1.5 billion per occurrence, including terrorism, for several New York City properties and the majority of the Suburban properties and expires December 31, 2015. Each of these policies includes $100.0 million of flood coverage, with a lower sublimit for locations in high hazard flood zones. A third blanket property policy covers most of our residential assets and maintains a limit of $380.0 million per occurrence, including terrorism, for our residential properties and expires January 31, 2016. We maintain two liability policies which cover all our properties and provide limits of $201.0 million per occurrence and in the aggregate per location. The liability policies expire on October 31, 2015 and January 31, 2016 and cover our commercial and residential properties, respectively. Additional coverage may be purchased on a stand-alone basis for certain assets.

In October 2006, SL Green 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 SL Green. Belmont was formed in an effort to, among other reasons, stabilize to some extent the fluctuations of insurance market conditions. Belmont is licensed in New York to write Terrorism, NBCR (nuclear, biological, chemical, and radiological), General Liability, Environmental Liability, and D&O coverage.

The Terrorism Risk Insurance Act, or TRIA, which was enacted in November 2002, was renewed December 31, 2005 and again on December 31, 2007. Congress extended TRIA, now called TRIPRA (Terrorism Risk Insurance Program Reauthorization and Extension Act of 2007) until December 31, 2014. TRIPRA was not renewed by Congress and expired on December 31, 2014. However, on January 12, 2015, TRIPRA was reauthorized until December 31, 2020 (Terrorism Insurance Program Reauthorization and Extension Act of 2015).The law extends the federal Terrorism Insurance Program that requires insurance companies to offer terrorism coverage and provides for compensation for insured losses resulting from acts of certified terrorism, subject to the current program trigger of $100.0 million, which will increase by $20 million per annum, commencing December 31, 2015. Our debt instruments, consisting of a non-recourse mortgage note secured by one of our properties, our 2012 credit facility, senior unsecured notes and other corporate obligations, as well as ground leases, 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 monitor all properties where insurance coverage is obtained by a third party and we do not control the coverage to ensure that tenants or other third parties, as applicable, 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.

We obtained insurance coverage through an insurance program administered by SL Green. In connection with this program, we incurred insurance expense of approximately $1.7 million, $5.0 million, $1.6 million and $4.8 million for the three and nine months ended September 30, 2015 and 2014.

Related Party Receivable from SL Green

On July 22, 2015, our parent company issued a promissory note to us in the amount of $90.0 million, which bears interest at an annual rate of 6.0%, compounded quarterly, and matures on July 22, 2017.

Inflation

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

Accounting Standards Updates

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

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 and New Jersey office markets, business strategies, expansion and growth of our operations and other similar matters, are forward-looking statements. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate.

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

Forward-looking statements contained in this report are subject to a number of risks and uncertainties that may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by forward-looking statements made by us. These risks and uncertainties include:

- the effect of general economic, business and financial conditions, and their effect on the New York City real estate market in particular;
- dependence upon certain geographic markets;
- risks of real estate acquisitions, dispositions, developments and redevelopment, including the cost of construction delays and cost overruns;
- risks relating to debt and preferred equity investments;
- availability and creditworthiness of prospective tenants and borrowers;
- bankruptcy or insolvency of a major tenant or a significant number of smaller tenants;
- adverse changes in the real estate markets, including reduced demand for office space, increasing vacancy, and increasing availability of sublease space;
- availability of capital (debt and equity);
- unanticipated increases in financing and other costs, including a rise in interest rates;
- the Company's ability to comply with financial covenants in our debt instruments;
- SL Green's ability to maintain its status as a REIT;

- risks of investing through joint venture structures, including the fulfillment by our partners of their financial obligations;
- the threat of terrorist attacks;
- our ability to obtain adequate insurance coverage at a reasonable cost and the potential for losses in excess of our insurance coverage, including as a result of environmental contamination; and,
- legislative, regulatory and/or safety requirements adversely affecting REITs and the real estate business, including costs of compliance with the Americans with Disabilities Act, the Fair Housing Act and other similar laws and regulations.

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

The risks included here are not exhaustive. Other sections of this report may include additional factors that could adversely affect ROP's business and financial performance. In addition, sections of SL Green and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2014 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 contain additional factors that could adversely affect our business and financial performance. Moreover, ROP operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on ROP's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

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-Interest Rate Risk" in this Quarterly Report on Form 10-Q for the three months ended September 30, 2015 and Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” in our Annual Report on Form 10-K for the year ended December 31, 2014. Our exposures to market risk have not changed materially since December 31, 2014.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain 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 our management, including the principal executive officer and principal financial officer of our 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 ROP to disclose material information otherwise required to be set forth in our periodic reports.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including the President and Treasurer of our general partner, 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 President and Treasurer of our general partner concluded that our disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to ROP 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 our internal control over financial reporting during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As of September 30, 2015, we were not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against us or our portfolio other than routine litigation arising in the ordinary course of business or litigation that is adequately covered by insurance.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in “Part I. Item 1A. Risk Factors” in our 2014 Annual Report on Form 10-K. We encourage you to read “Part I. Item 1A. Risk Factors” in the 2014 Annual Report on Form 10-K for SL Green Realty Corp., our indirect parent company, as well as the risk factor set forth under "Part II. Item 1A. Risk Factors" in the Quarterly Report on Form 10-Q for the three months ended June 30, 2015 for SL Green Realty Corp.

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:

10.1	Second Amendment to Amended and Restated Credit Agreement, dated as of January 6, 2015, by and among SL Green Realty Corp., SL Green Operating Partnership, L.P. and Reckson Operating Partnership, L.P., as Borrowers, each of the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent.
10.2	Third Amendment to Amended and Restated Credit Agreement, dated as of July 31, 2015, by and among SL Green Realty Corp., SL Green Operating Partnership, L.P. and Reckson Operating Partnership, L.P., as Borrowers, each of the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent.
31.1	Certification of Marc Holliday, President of Wyoming Acquisition GP LLC, the sole general partner of the Registrant, pursuant to Rule 13a-14(a) or Rule 15(d)-14(a), filed herewith.
31.2	Certification of Matthew J. DiLiberto, Treasurer of Wyoming Acquisition GP LLC, the sole general partner of the Registrant, pursuant to Rule 13a-14(a) or Rule 15(d)-14(a), filed herewith.
32.1	Certification of Marc Holliday, President of Wyoming Acquisition GP LLC, the sole general partner of the Registrant, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, filed herewith.
32.2	Certification of Matthew J. DiLiberto, Treasurer of Wyoming Acquisition GP LLC, the sole general partner of the Registrant, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, filed herewith.
101.1	The following financial statements from Reckson Operating Partnership, L.P.'s Quarterly Report on Form 10-Q for the three months ended September 30, 2015, formatted in XBRL: (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Comprehensive Income (unaudited), (iv) Consolidated Statement of Capital (unaudited), (v) Consolidated Statements of Cash Flows (unaudited), and (vi) 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.

RECKSON OPERATING PARTNERSHIP, L.P.

BY: WYOMING ACQUISITION GP LLC

By: /s/ MATTHEW J. DILIBERTO

Matthew J. DiLiberto
Treasurer

Date: November 16, 2015

Exhibit 31.1

CERTIFICATION

I, Marc Holliday, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Reckson 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 officers 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 officers 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: November 16, 2015

/s/ MARC HOLLIDAY

Name: Marc Holliday
Title: President
of Wyoming Acquisition GP LLC,
the sole general partner of the Registrant

Exhibit 31.2

CERTIFICATION

I, Matthew J. DiLiberto, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Reckson 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 officers 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 officers 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: November 16, 2015

/s/ MATTHEW J. DILIBERTO

Name: Matthew J. DiLiberto
Title: Treasurer
of Wyoming Acquisition GP LLC,
the sole general partner of the Registrant

Exhibit 32.1

CERTIFICATION

I, Marc Holliday, President of Wyoming Acquisition GP LLC, the sole general partner of Reckson Operating Partnership, L. P. (the "Registrant"), certify pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) The Quarterly Report on Form 10-Q of the Registrant for the quarter ended September 30, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

	/s/ MARC HOLLIDAY
Name:	Marc Holliday
Title:	President
	of Wyoming Acquisition GP LLC,
	the sole general partner of the Registrant

November 16, 2015

Exhibit 32.2

CERTIFICATION

I, Matthew J. DiLiberto, Treasurer and of Wyoming Acquisition GP LLC, the sole general partner of Reckson Operating Partnership, L. P. (the "Registrant"), certify pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) The Quarterly Report on Form 10-Q of the Registrant for the quarter ended September 30, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

	/s/ MATTHEW J. DILIBERTO
Name:	Matthew J. DiLiberto
Title:	Treasurer
	of Wyoming Acquisition GP LLC,
	the sole general partner of the Registrant

November 16, 2015