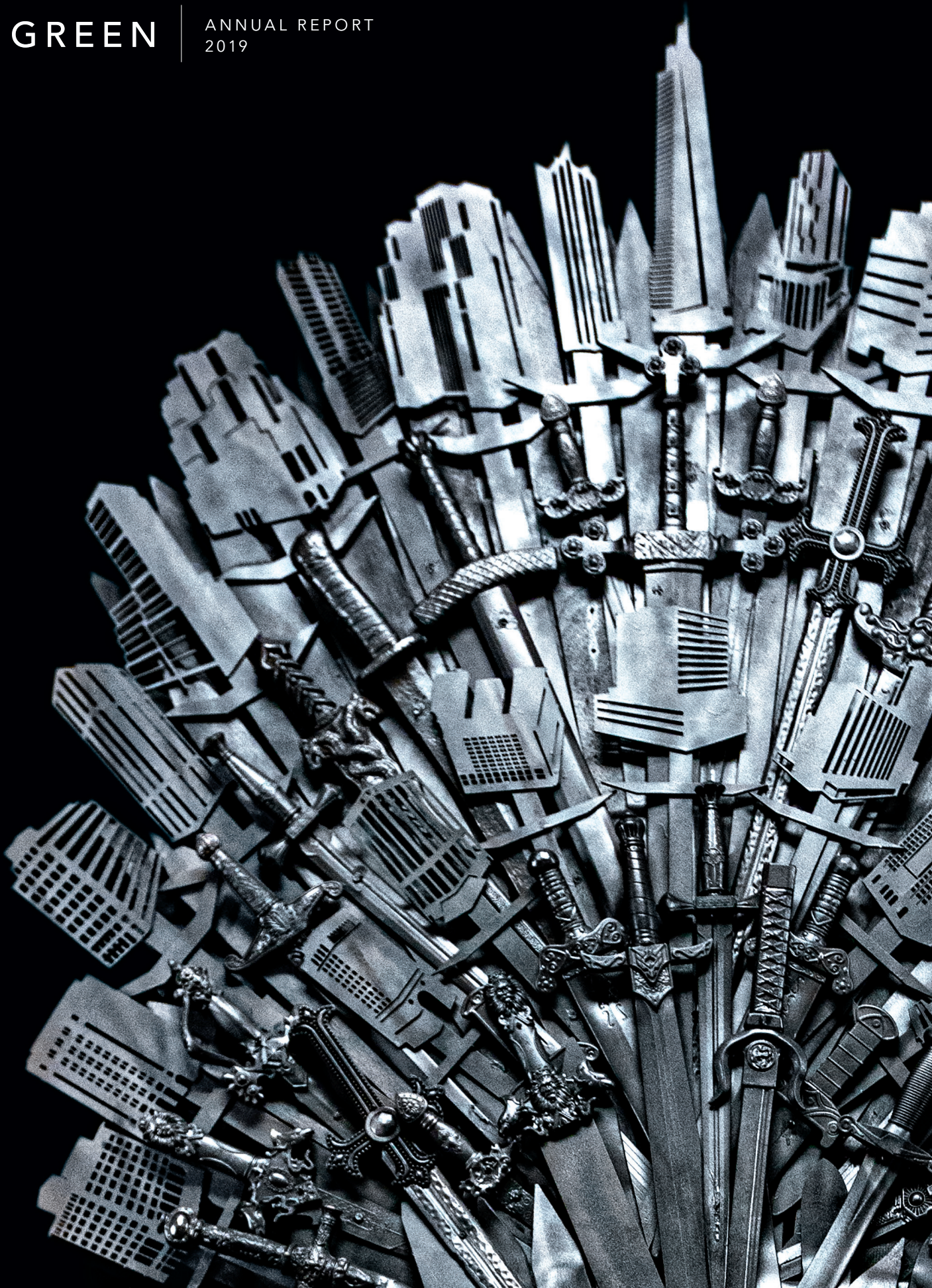


SL GREEN

ANNUAL REPORT
2019



Financial Highlights¹

22

Years Listed

\$1.7B

Combined Revenues

\$7.00

Funds from Operations Per Share

+3.2%

Funds from Operations Per Share Growth²

46.5M

Total Square Feet³

97

Number of Properties³

\$1.7B

Liquidity

+4.6%

Dividend Per Share Growth²

869.4%

TRS Since IPO

360.5%

SNL Office REIT Index

\$17.8B

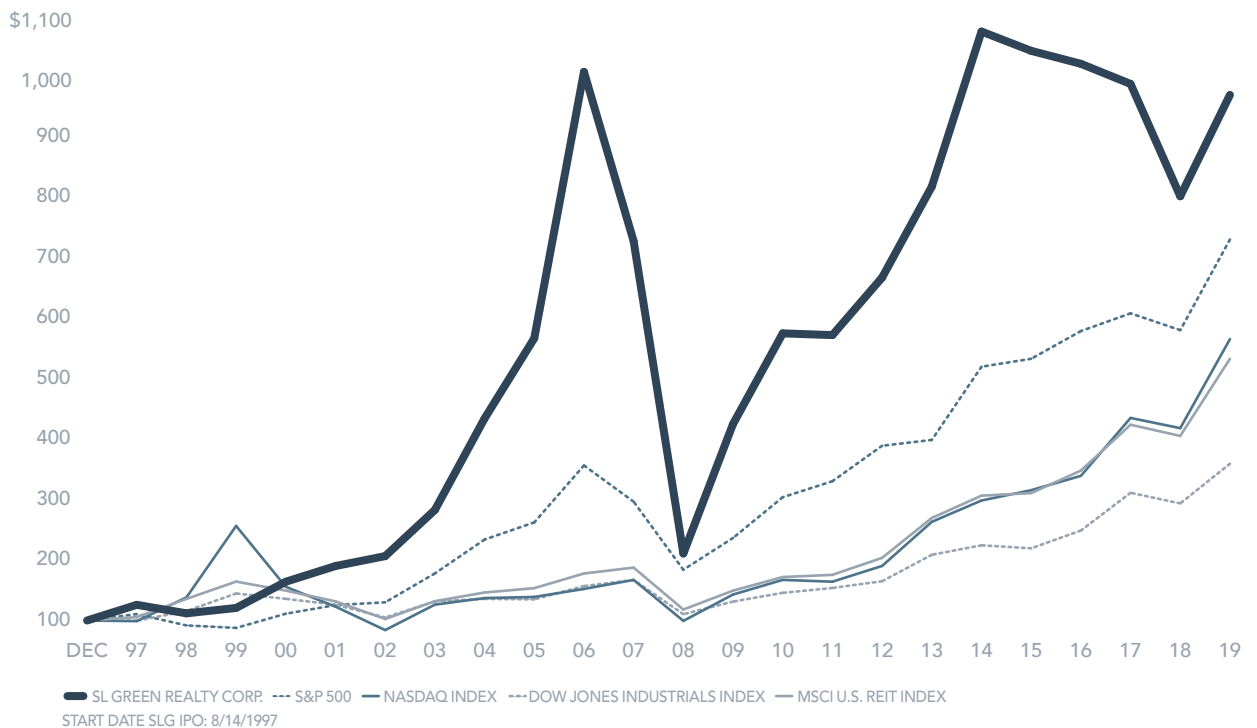
Enterprise Value

1 Data as of 12/31/2019.
2 2018 to 2019 year-over-year growth.
3 Includes 27 Debt and Preferred Equity investments secured by 16.4M square feet.

Total Return to Shareholders

(Includes reinvestment of dividends)

(Based on \$100 investment made. \$21.00 at IPO, diluted, in dollars)



“We have built a company and a portfolio that is in it for the duration, with the very best office assets, current and future.”

Marc Holliday
Chairman &
Chief Executive Officer



Marc Holliday
Chairman &
Chief Executive Officer



Andrew W. Mathias
President

Dear Shareholders,

What a difference a couple of months makes.

If I had written this letter at the beginning of March, only seven weeks ago, I would have told you about all of the great things happening in New York City and at our company, recapping another very strong year of accomplishments and stock price performance relative to our New York City peers. I would have told you about record-low unemployment and a record-high leasing pipeline, near-zero vacancy across our portfolio, incredible progress on the construction and leasing of One Vanderbilt and growing stability in the retail sector. And I would have highlighted our plans to continue executing on our corporate strategy of dispositions and stock buybacks in 2020.

But we are suddenly living in unprecedented times, experiencing a disruption to our lives and businesses the extent of which most of us have never seen. The COVID-19 pandemic, and the subsequent near-total shutdown of global economic activity, have rendered the best-laid plans and projections uncertain and injected volatility into the marketplace.

We don't yet know whether the pandemic will be controlled in a few months or longer, or whether New York's economy will rebound quickly – as it has in other recent recessions – or face a deeper decline. What we do know, however, is that SL Green is built to withstand these times. In moments of crisis and market disruption, our team shines the brightest. Every member of our leadership team has been with the company for at least a dozen years, and many of us have been together since the beginning. Our highly strategic approach – we are New York's commercial sharpshooters – means that we are better prepared to not only weather difficult times but thrive in the aftermath as things recover.

Our response to this new threat was swift and comprehensive. We were at the forefront of instituting new policies to keep our buildings safe and secure, and our tenants and their employees informed. We immediately formed internal committees to understand and address the evolving situation, and we were early to implement expanded cleaning systems and to identify protocols for quickly isolating and sanitizing areas exposed to COVID-19. Most importantly we were in constant contact with our tenants and their employees, providing everyone with confidence that our best-in-class staff and facilities were up to the challenge. As industry leaders, we set the standard for managing this crisis in the days and weeks following the first cases in New York.

“SL Green is built to withstand these times. In moments of crisis and market disruption, our team shines the brightest.”

While office buildings may not be inherently essential, many of the businesses, organizations and agencies that work in our portfolio are critical to keeping this city running – medical offices, health care companies, visiting nurses, major media outlets and broadcast studios, and governmental agencies all have offices in our buildings. These tenants don't have the option of working from home; they are the people on the front line who need assurances that they can operate in buildings that are open, operating, secure, serviced and free from COVID-19.

So we have viewed our role these past weeks as doing everything we possibly can to support the heroes who are tackling the crisis and ensure that our facilities are ready when they need them. We are tremendously grateful to our own front-line employees, from property managers and building engineers to security guards and cleaning staff who continue to make our buildings best-in-class even in this environment.

At the same time, we've been able to maintain some progress and momentum on the eight important development projects that we shared with you at our Investor Conference in December. The State of New York initially identified construction as one of the essential industries that were able to remain in operation, reflecting the enormous economic impact of these projects and their importance to the thousands of women and men working on them, as well as the

future of New York's economy. Just as we did in our office portfolio, SL Green worked with our contractors to develop and implement best practice safety precautions at our construction sites to promote the safety and wellbeing of all workers. This included increases in provisioning of masks, cleaning and sanitizing work areas, enforcement of work distancing and even on-site medical professionals to provide thermal scans to ensure workers with a fever would be sent home.

At the end of March the guidance from the State was revised to limit construction to only essential projects that include affordable housing, infrastructure and public works, and hospitals. We again moved quickly to secure our sites, and we expect work to continue on projects that meet these essential criteria, including critical aspects of One Vanderbilt that support transit infrastructure and public improvements and 185 Broadway, our Affordable New York mixed-use project in Lower Manhattan.

Now that we have secured our portfolio and construction sites, it's time to look ahead.

As you can imagine, we are completely reassessing our business plan for 2020 to recognize and adapt to the current situation and to be prepared to move decisively as conditions continue to evolve through the spring and beyond. Fortunately, the moves that

“Our highly strategic approach – we are New York’s commercial sharpshooters – means that we are better prepared to not only weather difficult times but thrive in the aftermath as things recover.”

we have made over the past four to five years now look prescient and put us in a position to come out of this crisis stronger than ever. By monetizing nearly \$10 billion of real estate since 2016, deleveraging our balance sheet with the proceeds and buying back stock on an accretive basis, all of which was funded by asset sales, we have created a more streamlined company narrowly-focused on the very best Manhattan office assets. We couldn’t have predicted the current moment, but we’re comfortable with where we sit today, with substantial liquidity, generally long-dated liabilities, and a stable base of credit tenants.

While some of the work on our development projects has been temporarily halted, those projects – and our focus on new development to create the next generation of elite assets – represent the future of this company when we come out the other side of this. The projects we profiled for investors in December along with continued growth in our core portfolio add nearly \$300 million of projected NOI over the next five years; game-changing numbers that we believe will hold up due to the extraordinary quality and location of these projects. Our belief in these projects remains as strong as ever given our confidence in the long-term strength and viability of New York City. Should uncertainty in the market delay other projects from breaking ground we will benefit from less competition over the next three to five years as our projects come online. The resulting market pause while the State and

City seek to contain this pandemic might also lead to cost efficiencies as, and when, we bid the construction work so that we expect to maintain our projected development yields upon completion.

An additional bright spot is the impending completion and opening of One Vanderbilt. Prior to the impact of COVID-19, we were preparing for an August 4 ribbon-cutting that would have delivered this new icon to the New York City skyline three months ahead of schedule, with more than \$100 million of cost savings and already over 67 percent leased. While we don’t yet know how the delay will impact the schedule, we do expect that this year we will open a building that represents the best of everything we have to offer a modern-day tenant, in the very best location in Manhattan. For us this is the culmination of a 20-year journey and we couldn’t be more proud of the outcome. We look forward to moving our own headquarters into One Vanderbilt this year, a moment that will have special meaning both to our company and hopefully for New York in coinciding with the end of this moment of uncertainty.

That said, our portfolio and deal flow is not immune from what’s going on out there. We had one setback, unfortunately, when the contract for the disposition of 220 East 42nd Street failed to close in March when the buyer’s lender walked away from the deal. We believe we will retain the approximately \$35 million deposit from the buyer and maintain full optionality

with respect to future monetization of this terrific asset that is fully leased, but it was nonetheless a disappointing outcome. The absence of net proceeds from that sale certainly impacts our immediate ability to meaningfully advance our share buyback program. So we are no longer actively doing share buybacks unless and until we re-establish new sources of liquidity through other asset sales or internally generated cash flow. We will not move off our commitment to limit our buybacks to the extent of liquidity we can generate and we are actively working to monetize other assets that could become sources for additional deleveraging and buybacks in future.

On the tenancy and leasing front, we are very fortunate to have largely credit-worthy office tenants and long-term rent rolls, and we are therefore not expecting significant delinquency or fallout on office collections. We understand the challenges that some of our tenants, particularly our retailers, will be facing and are attempting to work with those smaller tenants that have been most impacted during this difficult time. We work for the shareholders, but tenants and their employees are our customers and we will be there for them throughout. Pre-COVID we had a robust leasing pipeline, with more than one million square feet of likely deals, and while much of that is temporarily on hold, we had a strong first quarter of leasing and know we can rebuild the pipeline quickly once this crisis passes. We have done so coming out of prior downturns and we will do so again here. In fact, we know that in situations like this, companies want to work with trusted partners and will move toward the quality, service, capabilities and experience that SL Green best exemplifies.

For more than 20 years, SL Green has tied its future to the success of New York City. It's a strategy that has benefited our shareholders tremendously, first as we grew into New York's largest owner of commercial real estate, and more recently as we've narrowed our focus, almost exclusively, on premier Manhattan assets and began to build a new generation of world-class buildings. While we don't know what the immediate future holds, I believe that New York will bounce back and continue to be the best place to invest in commercial real estate due to our City's resiliency, diversity and

standing as the financial capital of the world. We have built a company and a portfolio that is in it for the duration, with the very best assets, current and future.

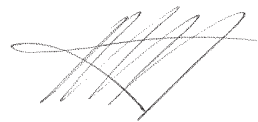
Undoubtedly, COVID-19 has changed the perception of what businesses want in a work environment. As businesses reopen, and we begin the process of getting back to work, we will implement new standards in the workplace to satisfy office workers, such as:

- Lobbies – passive thermal scanning, vaccination stations, hand sanitizers, reduced elevator occupancy
- Office Space – electrostatic cleaning, staggered work schedules, larger workstations/taller partitions
- De-densification – occupancy restrictions in communal spaces such as conference rooms, cafes and lounges
- HVAC Systems – antimicrobial photodynamic therapy, bipolar ionization, electrostatic and pro-biotic air filtration

Personal space may once again be celebrated along with inclusion of an array of new hygienic protocols that will be enacted to ensure tenant confidence in their physical workspace. We will be well-situated to deliver on this to our tenants as soon as workforce limitations are lifted.

In a moment of uncertainty, you can count on SL Green. We will ride out this storm together! On behalf of myself, Andrew Mathias and the entire executive team, thank you for your continued support and partnership.

-



Marc Holliday
Chairman & Chief Executive Officer

Form 10-K

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SELECTED FINANCIAL DATA

The following table sets forth our selected financial data and should be read in conjunction with our Financial Statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations in this Annual Report.

SL GREEN REALTY CORP.

Operating Data (in thousands, except per share data)	Year Ended December 31,				
	2019	2018	2017	2016	2015
Total revenue	\$ 1,238,995	\$ 1,227,392	\$ 1,511,473	\$ 1,863,981	\$ 1,662,829
Operating expenses	234,676	229,347	293,364	312,859	301,624
Real estate taxes	190,764	186,351	244,323	248,388	232,702
Operating lease rent	33,188	32,965	33,231	33,261	32,834
Interest expense, net of interest income	190,521	208,669	257,045	321,199	323,870
Amortization of deferred finance costs	11,653	12,408	16,498	24,564	27,348
Depreciation and amortization	272,358	279,507	403,320	821,041	560,887
Loan loss and other investment reserves, net of recoveries	—	6,839	—	—	—
Transaction related costs	729	1,099	(1,834)	7,528	11,430
Marketing, general and administrative	100,875	92,631	100,498	99,759	94,873
Total expenses	1,034,764	1,049,816	1,346,445	1,868,599	1,585,568
Equity in net (loss) income from unconsolidated joint ventures	(34,518)	7,311	21,892	11,874	13,028
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	76,181	303,967	16,166	44,009	15,844
Purchase price and other fair value adjustment	69,389	57,385	—	—	40,078
(Loss) gain on sale of real estate, net	(16,749)	(30,757)	73,241	238,116	175,974
Depreciable real estate reserves and impairment	(7,047)	(227,543)	(178,520)	(10,387)	(19,226)
Gain (loss) on sale of investment in marketable securities	—	—	3,262	(83)	—
Loss on early extinguishment of debt	—	(17,083)	—	—	(49)
Discontinued operations	—	—	—	—	14,549
Net income	291,487	270,856	101,069	278,911	317,459
Net income attributable to noncontrolling interest in the Operating Partnership	(13,301)	(12,216)	(3,995)	(10,136)	(10,565)
Net loss (income) attributable to noncontrolling interests in other partnerships	3,159	6	15,701	(7,644)	(15,843)
Preferred unit distributions	(10,911)	(11,384)	(11,401)	(11,235)	(6,967)
Net income attributable to SL Green	270,434	247,262	101,374	249,896	284,084
Perpetual preferred stock dividends	(14,950)	(14,950)	(14,950)	(14,950)	(14,952)
Net income attributable to SL Green common stockholders	\$ 255,484	\$ 232,312	\$ 86,424	\$ 234,946	\$ 269,132
Net income per common share—Basic	\$ 3.10	\$ 2.67	\$ 0.87	\$ 2.34	\$ 2.71
Net income per common share—Diluted	\$ 3.10	\$ 2.67	\$ 0.87	\$ 2.34	\$ 2.70
Cash dividends declared per common share	\$ 3.4350	\$ 3.2875	\$ 3.1375	\$ 2.94	\$ 2.52
Basic weighted average common shares outstanding	81,733	86,753	98,571	100,185	99,345
Diluted weighted average common shares and common share equivalents outstanding	86,562	91,530	103,403	104,881	103,734

Balance Sheet Data (in thousands)	As of December 31,				
	2019	2018	2017	2016	2015
Commercial real estate, before accumulated depreciation	\$ 8,784,567	\$ 8,513,935	\$ 10,206,122	\$ 12,743,332	\$ 16,681,602
Total assets	12,766,320	12,751,358	13,982,904	15,857,787	19,727,646
Mortgages and other loans payable, revolving credit facilities, term loans and senior unsecured notes and trust preferred securities, net	5,508,137	5,541,701	5,855,132	6,481,666	10,275,453
Noncontrolling interests in the Operating Partnership	409,862	387,805	461,954	473,882	424,206
Total equity	5,517,198	5,947,855	6,589,454	7,750,911	7,719,317

Other Data (in thousands)	Year Ended December 31,				
	2019	2018	2017	2016	2015
Net cash provided by operating activities	376,473	441,537	543,001	644,010	542,691
Net cash provided by (used in) investing activities	114,494	681,662	22,014	1,973,382	(2,151,702)
Net cash (used in) provided by financing activities	(528,650)	(1,094,112)	(684,956)	(2,736,402)	1,713,417
Funds from operations available to all stockholders ⁽¹⁾	605,701	605,720	667,294	869,855	661,825

- (1) FFO is a widely recognized non-GAAP financial measure of REIT performance. The Company computes FFO in accordance with standards established by NAREIT, which may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with the NAREIT definition, or that interpret the NAREIT definition differently than the Company does. The revised White Paper on FFO approved by the Board of Governors of NAREIT in April 2002, and subsequently amended, defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of properties and real estate related impairment charges, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures.

The Company presents FFO because it considers it an important supplemental measure of the Company's operating performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, particularly those that own and operate commercial office properties. The Company also uses FFO as one of several criteria to determine performance-based bonuses for members of its senior management. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions, and real estate related impairment charges, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, and interest costs, providing perspective not immediately apparent from net income. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP), as an indication of the Company's financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs, including our ability to make cash distributions.

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

SL GREEN OPERATING PARTNERSHIP, L.P.

	Year Ended December 31,				
Operating Data	2019	2018	2017	2016	2015
(in thousands, except per unit data)					
Total revenue	\$ 1,238,995	\$ 1,227,392	\$ 1,511,473	\$ 1,863,981	\$ 1,662,829
Operating expenses	234,676	229,347	293,364	312,859	301,624
Real estate taxes	190,764	186,351	244,323	248,388	232,702
Operating lease rent	33,188	32,965	33,231	33,261	32,834
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Amortization of deferred finance costs	11,653	12,408	16,498	24,564	27,348
Depreciation and amortization	272,358	279,507	403,320	821,041	560,887
Loan loss and other investment reserves, net of recoveries	—	6,839	—	—	—
Transaction related costs	729	1,099	(1,834)	7,528	11,430
Marketing, general and administrative	100,875	92,631	100,498	99,759	94,873
Total expenses	1,034,764	1,049,816	1,346,445	1,868,599	1,585,568
Equity in net (loss) income from unconsolidated joint ventures	(34,518)	7,311	21,892	11,874	13,028
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	76,181	303,967	16,166	44,009	15,844
Purchase price and other fair value adjustment	69,389	57,385	—	—	40,078
(Loss) gain on sale of real estate, net	(16,749)	(30,757)	73,241	238,116	175,974
Depreciable real estate reserves and impairment	(7,047)	(227,543)	(178,520)	(10,387)	(19,226)
Gain (loss) on sale of investment in marketable securities	—	—	3,262	(83)	—
Loss on early extinguishment of debt	—	(17,083)	—	—	(49)
Discontinued operations	—	—	—	—	14,549
Net income	291,487	270,856	101,069	278,911	317,459
Net loss (income) attributable to noncontrolling interests in other partnerships	3,159	6	15,701	(7,644)	(15,843)
Preferred unit distributions	(10,911)	(11,384)	(11,401)	(11,235)	(6,967)
Net income attributable to SLGOP	283,735	259,478	105,369	260,032	294,649
Perpetual preferred unit distributions	(14,950)	(14,950)	(14,950)	(14,950)	(14,952)
Net income attributable to SLGOP common stockholders	\$ 268,785	\$ 244,528	\$ 90,419	\$ 245,082	\$ 279,697
Net income per common unit—Basic	\$ 3.10	\$ 2.67	\$ 0.87	\$ 2.34	\$ 2.71
Net income per common unit—Diluted	\$ 3.10	\$ 2.67	\$ 0.87	\$ 2.34	\$ 2.70
Cash dividends declared per common unit	\$ 3.4350	\$ 3.2875	\$ 3.1375	\$ 2.94	\$ 2.52
Basic weighted average common units outstanding	86,008	91,315	103,127	104,508	103,244
Diluted weighted average common units and common units equivalents outstanding	86,562	91,530	103,403	104,881	103,734

	As of December 31,				
Balance Sheet Data (in thousands)	2019	2018	2017	2016	2015
Commercial real estate, before accumulated depreciation	\$ 8,784,567	\$ 8,513,935	\$ 10,206,122	\$ 12,743,332	\$ 16,681,602
Total assets	12,766,320	12,751,358	13,982,904	15,857,787	19,727,646
Mortgages and other loans payable, revolving credit facilities, term loans and senior unsecured notes and trust preferred securities, net	5,508,137	5,541,701	5,855,132	6,481,666	10,275,453
Total capital	5,517,198	5,947,855	6,589,454	7,750,911	7,719,317

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

SL Green Realty Corp., which is referred to as SL Green or the Company, a Maryland corporation, and SL Green Operating Partnership, L.P., which is referred to as SLGOP or the Operating Partnership, a Delaware limited partnership, were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities. The Company is a self-managed real estate investment trust, or REIT, engaged in the acquisition, development, ownership, management and operation of commercial and residential real estate properties, principally office properties, located in the New York metropolitan area. Unless the context requires otherwise, all references to "we," "our" and "us" means the Company and all entities owned or controlled by the Company, including the Operating Partnership.

The following discussion related to our consolidated financial statements should be read in conjunction with the financial statements appearing in this Annual Report.

Leasing and Operating

At December 31, 2019, our same-store Manhattan office property occupancy inclusive of leases signed but not commenced, was 96.2% compared to 96.0% at December 31, 2018. We signed office leases in Manhattan encompassing approximately 2.5 million square feet, of which approximately 0.5 million square feet represented office leases that replaced previously occupied space. Our mark-to-market on the signed Manhattan office leases that replaced previously occupied space was 38.1% for 2019.

According to Cushman & Wakefield, leasing activity in Manhattan in 2019 totaled approximately 34.7 million square feet. Of the total 2019 leasing activity in Manhattan, the Midtown submarket accounted for approximately 20.4 million square feet, or approximately 58.8%. Manhattan's overall office vacancy went from 9.2% at December 31, 2018 to 11.1% at December 31, 2019. Overall average asking rents in Manhattan increased in 2019 by 1.6% from \$72.28 per square foot at December 31, 2018 to \$73.41 per square foot at December 31, 2019.

Acquisition and Disposition Activity

Overall Manhattan sales volume decreased by 15.2% in 2019 to \$30.2 billion as compared to \$35.6 billion in 2018. Consistent with our multi-faceted approach to property acquisitions, we selectively sourced the purchase of a majority and controlling interest in 410 Tenth Avenue, purchased the remaining 10% interest that we did not already own in 110 Greene Street from our joint partner, and accepted an equity interest in 106 Spring Street in lieu of repayment of the respective mezzanine loan.

We also continued to take advantage of significant interest by both international and domestic institutions and individuals seeking ownership interests in Manhattan properties to sell assets, disposing of a significant volume of properties that were non-core or had more limited growth opportunities, raising efficiently priced capital that was used primarily for share repurchases and debt reduction. During the year, we sold all or part of our interest in 131-137 Spring Street, 115 Spring Street, 1010 Washington Boulevard, 1640 Flatbush Avenue, 562 Fifth Avenue, 521 Fifth Avenue, 100 Summit Lake Drive, 200 Summit Lake Drive, 500 Summit Lake, and 360 Hamilton Avenue for total gross valuations of \$983.9 million.

Debt and Preferred Equity

In 2018 and 2019, in our debt and preferred equity portfolio we continued to focus on the origination of financings for owners, acquirers or developers of properties in New York City. This investment strategy provides us with the opportunity to fill a need for additional debt financing, while achieving attractive risk adjusted returns to us on the investments and receiving a significant amount of additional information on the New York City real estate market. The typical investments made by us during 2018 and 2019 were to reputable owners or acquirers which have sizable equity subordinate to our last dollar of exposure. During 2019, our debt and preferred equity activities included purchases and originations, inclusive of advances under future funding obligations, discount and fee amortization, and paid-in-kind interest, net of premium amortization, of \$0.7 billion, and sales, redemption and participations of \$1.2 billion.

Highlights from 2019

Our significant achievements from 2019 included:

Corporate

- Repurchased 4.6 million shares of our common stock under our share repurchase program at an average price of \$83.62 per share and increased the size of our share repurchase program by \$500 million to \$3.0 billion. From program inception through December 31, 2019, we have repurchased a cumulative total of 22.7 million shares of our common stock under the program at an average price of \$95.66 per share.

Leasing

- Signed 163 Manhattan office leases covering approximately 2.5 million square feet. The mark-to-market on signed Manhattan office leases was 38.1% higher in 2019 than the previously fully escalated rents on the same spaces.
- Reached 65% leased at One Vanderbilt Avenue after signing new leases with KPS Capital Partners LP; Sentinel Capital Partners; and Oak Hill Advisors and lease expansions with The Carlyle Group and McDermott Will & Emery.
- Reached 96.2% leased at 410 Tenth Avenue after signing new leases with First Republic Bank and Amazon.
- Signed a lease renewal with BMW of Manhattan for 227,000 square feet at 555 West 57th Street.
- Signed a new retail lease with Ulta Beauty for 12,040 square feet at 2 Herald Square.

Acquisitions

- Entered into a contract to acquire 707 Eleventh Avenue for a gross purchase price of \$90.0 million. The 160,000-square-foot office property will be redeveloped into a modern, Class-A building. The acquisition was closed in January 2020.
- Closed on the acquisition of a majority and controlling interest in 410 Tenth Avenue at a gross purchase price of \$440 million.
- Closed on the acquisition from our joint venture partner of the remaining 10% interest in 110 Greene Street that we did not already own at a gross asset valuation of \$256.5 million.
- Took possession of the retail co-op at 106 Spring Street in Soho. This property previously served as collateral for a debt and preferred equity investment and was acquired through a negotiated transaction with the sponsor of the investment.

Dispositions

- Closed on the sale of 360 Hamilton Avenue in White Plains, New York and 100, 200 and 500 Summit Lake Drive in Valhalla, New York.
- Closed on the sale of the development site at 562 Fifth Avenue for a sale price of \$52.4 million.
- Closed on the sale of the development site at 1640 Flatbush Avenue in Brooklyn for a sale price of \$16.2 million.
- Closed on the sale of 1010 Washington Boulevard in Stamford, Connecticut for a sale price of \$23.1 million.
- Entered into a contract to sell 220 East 42nd Street, also known as The News Building, for total consideration of \$815.0 million.
- Sold a 49% interest in the prime retail condominium at 115 Spring Street in Soho at a gross asset valuation of \$66.6 million.
- Together with our joint venture partner, closed on the sale of 521 Fifth Avenue for a sale price of \$381.0 million.
- Closed on the sale of our 20.0% interest in 131-137 Spring Street to the owner of the remaining 80.0% interest. The transaction generated net cash proceeds to the Company of \$15.2 million.

Debt and Preferred Equity Investments

- Originated and retained, or acquired, \$0.7 billion in debt and preferred equity investments, inclusive of advances under future funding obligations, discount and fee amortization, and paid-in-kind interest, net of premium amortization, and recorded \$1.2 billion of proceeds from sales, repayments and participations.

Finance

- Together with our joint venture partner, closed on the refinancing of 55 West 46th Street, also known as Tower 46. The new \$198.0 million mortgage replaces the previous \$195.0 million mortgage, has a 3-year term, with two one-year extension options, and bears interest at a floating rate of 1.25% over LIBOR.
- Together with our joint venture partner, closed on a \$75.0 million upsize of our existing financing at 2 Herald Square to \$225.0 million and reduced the interest rate on the loan by 10 basis points to a floating rate of 1.45% over LIBOR.
- Entered into an agreement to reduce the interest rate spread by 65 basis points on the Company's \$200.0 million, 7-year term loan that matures in 2024.
- Closed on a \$465.0 million construction facility for the redevelopment of 410 Tenth Avenue. The floating rate facility has a term of three years, with two one-year extension options, and bears interest at an initial floating rate of 2.225% over LIBOR.

- Closed on a new \$85.0 million financing of the office portion of 609 Fifth Avenue. The new mortgage has a 5-year term and bears interest at a floating rate of 2.40% over LIBOR.

As of December 31, 2019, we owned the following interests in properties in the New York metropolitan area, primarily in midtown Manhattan. Our investments located outside of Manhattan are referred to as the Suburban properties:

Location	Property Type	Consolidated		Unconsolidated		Total		Weighted Average Occupancy ⁽¹⁾
		Number of Properties	Approximate Square Feet	Number of Properties	Approximate Square Feet	Number of Properties	Approximate Square Feet	
Commercial:								
Manhattan	Office	20	12,387,091	10	11,216,183	30	23,603,274	94.5%
	Retail	6 ⁽²⁾	320,430	8	289,050	14	609,480	98.4%
	Development/ Redevelopment ⁽³⁾	6	189,538	1	—	7	189,538	84.9%
	Fee Interest	—	—	1	—	1	—	—%
		<u>32</u>	<u>12,897,059</u>	<u>20</u>	<u>11,505,233</u>	<u>52</u>	<u>24,402,292</u>	<u>94.6%</u>
Suburban	Office	8	1,044,800	—	—	8	1,044,800	85.7%
	Retail	1	52,000	—	—	1	52,000	100.0%
		<u>9</u>	<u>1,096,800</u>	<u>—</u>	<u>—</u>	<u>9</u>	<u>1,096,800</u>	<u>86.4%</u>
Total commercial properties		<u>41</u>	<u>13,993,859</u>	<u>20</u>	<u>11,505,233</u>	<u>61</u>	<u>25,499,092</u>	<u>94.2%</u>
Residential:								
Manhattan	Residential	2 ⁽²⁾	445,105	8	1,663,774	10	2,108,879	95.7%
Total residential properties		<u>2</u>	<u>445,105</u>	<u>8</u>	<u>1,663,774</u>	<u>10</u>	<u>2,108,879</u>	<u>95.7%</u>
Total portfolio		<u>43</u>	<u>14,438,964</u>	<u>28</u>	<u>13,169,007</u>	<u>71</u>	<u>27,607,971</u>	<u>94.3%</u>

- (1) The weighted average occupancy for commercial properties represents the total occupied square feet divided by total square footage at acquisition. The weighted average occupancy for residential properties represents the total occupied units divided by total available units.
- (2) As of December 31, 2019, we owned a building at 315 West 33rd Street, also known as The Olivia, 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 number of retail properties we own. However, we have included only the retail square footage in the retail approximate square footage, and have listed the balance of the square footage as residential square footage.
- (3) Properties in Development are included in Number of Properties and have no Approximate Square Feet.

As of December 31, 2019, we also managed two office buildings owned by third parties encompassing approximately 2.1 million square feet, and held debt and preferred equity investments with a book value of \$1.7 billion, including \$0.1 billion of debt and preferred equity investments and other financing receivables that are included in balance sheet line items other than the Debt and Preferred Equity Investments line item.

Critical Accounting Policies

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

Investment in Commercial Real Estate Properties

Real estate properties are presented at cost less accumulated depreciation and amortization. Costs directly related to the development or redevelopment of properties are capitalized. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

We recognize the assets acquired, liabilities assumed (including contingencies) and any noncontrolling interests in an acquired entity at their respective fair values on the acquisition date.

The Company classifies those leases under which the Company is the lessee at lease commencement as finance or operating leases. Leases qualify as finance leases if the lease transfers ownership of the asset at the end of the lease term, the lease grants an option to purchase the asset that we are reasonably certain to exercise, the lease term is for a major part of the remaining economic life of the asset, or the present value of the lease payments exceeds substantially all of the fair value of the asset. Leases that do not qualify as finance leases are deemed to be operating leases. On the consolidated statements of operations, operating leases are expensed through operating lease rent while financing leases are expensed through amortization and interest expense.

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

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) 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 impairment when a property has been classified as held for sale. Real estate assets held for sale are valued at the lower of their carrying value or fair value less costs to sell and depreciation expense is no longer recorded. See Note 4, "Properties Held for Sale and Dispositions."

Investments in Unconsolidated Joint Ventures

We account for our investments in unconsolidated joint ventures under the equity method of accounting in cases where we exercise significant influence over, but do not control, these entities and are not considered to be the primary beneficiary. We consolidate those joint ventures that we control or which are variable interest entities (each, a "VIE") and where we are considered to be the primary beneficiary. In all these joint ventures, the rights of the joint venture partner are both protective as well as participating. Unless we are determined to be the primary beneficiary in a VIE, these participating rights preclude us from consolidating these VIE entities. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions. Equity in net income (loss) from unconsolidated joint ventures is allocated based on our ownership or economic interest in each joint venture and includes adjustments related to basis differences that were identified as part of the initial accounting for the investment. When a capital event (as defined in each joint venture agreement) such as a refinancing occurs, if return thresholds are met, future equity income will be allocated at our increased economic interest. We recognize incentive income from unconsolidated real estate joint ventures as income to the extent it is earned and not subject to a clawback feature. Distributions we receive from unconsolidated real estate joint ventures in excess of our basis in the investment are recorded as offsets to our investment balance if we remain liable for

future obligations of the joint venture or may otherwise be committed to provide future additional financial support. Most of the joint venture debt is non-recourse to us. The Company has performance guarantees under a master lease at one joint venture. See Note 6, "Investments in Unconsolidated Joint Ventures."

We assess our investments in unconsolidated joint ventures for recoverability, and if it is determined that a loss in value of the investment is other than temporary, we write down the investment to its fair value. We evaluate our equity investments for impairment based on the joint ventures' projected discounted cash flows. We do not believe that the values of any of our equity investments were impaired at December 31, 2019.

We may originate loans for real estate acquisition, development and construction ("ADC loans") 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 the accounting for our debt and preferred equity investments.

Revenue Recognition

Rental revenue is recognized on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rents receivable on the consolidated balance sheets. Rental revenue is recognized if collectability is probable. If collectability of substantially all of the lease payments is assessed as not probable, any difference between the rental revenue recognized to date and the lease payments that have been collected is recognized as a current-period adjustment to rental revenue.

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

Interest income on debt and preferred equity investments is accrued based on the contractual terms of the instruments and when, in the opinion of management, it is deemed collectible. Some debt and preferred equity investments provide for accrual of interest at specified rates, which differ from current payment terms. Interest is recognized on such loans at the accrual rate subject to management's determination that accrued interest is ultimately collectible, based on the underlying collateral and operations of the borrower. If management cannot make this determination, interest income above the current pay rate is recognized only upon actual receipt.

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

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

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

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

Allowance for Loan Loss and Other Investment Reserves

The expense for loan loss and other investment reserves in connection with debt and preferred equity investments is the charge to earnings to adjust the allowance for possible losses to the level that we estimate to be adequate, based on Level 3 data, considering delinquencies, loss experience and collateral quality.

The Company evaluates debt and preferred equity investments that are classified as held to maturity for possible impairment or credit deterioration associated with the performance and/or value of the underlying collateral property as well as the financial and operating capability of the borrower/sponsor. Quarterly, the Company assigns each loan a risk rating. Based on a 3-point scale, loans are rated "1" through "3," from less risk to greater risk, which ratings are defined as follows: 1 - Low Risk Assets - Low probability of loss, 2 - Watch List Assets - Higher potential for loss, 3 - High Risk Assets - Loss more likely than not.

When it is probable that we will be unable to collect all amounts contractually due, the investment is considered impaired. A valuation allowance is measured based upon the excess of the carrying value of the investment over the fair value of the collateral. Any deficiency between the carrying value of an asset and the calculated value of the collateral is charged to expense. We continue to assess or adjust our estimates based on circumstances of a loan and the underlying collateral. If additional information reflects increased recovery of our investment, we will adjust our reserves accordingly.

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

Results of Operations

Comparison of the year ended December 31, 2019 to the year ended December 31, 2018

The following comparison for the year ended December 31, 2019, or 2019, to the year ended December 31, 2018, or 2018, makes reference to the effect of the following:

- i. "Same-Store Properties," which represents all operating properties owned by us at January 1, 2018 and still owned by us in the same manner at December 31, 2019 (Same-Store Properties totaled 34 of our 43 consolidated operating properties),
- ii. "Acquisition Properties," which represents all properties or interests in properties acquired in 2019 and 2018 and all non-Same-Store Properties, including properties that are under development or redevelopment,
- iii. "Disposed Properties" which represents all properties or interests in properties sold in 2019 and 2018, and
- iv. "Other," which represents properties where we sold an interest resulting in deconsolidation and corporate level items not allocable to specific properties, as well as the Service Corporation and eEmerge Inc.

(in millions)	Same-Store				Disposed		Other		Consolidated			
	2019	2018	\$ Change	% Change	2019	2018	2019	2018	2019	2018	\$ Change	% Change
Rental revenue	\$ 921.0	\$ 902.8	\$ 18.2	2.0 %	\$ 37.7	\$ 48.5	\$ 24.9	\$ 27.3	\$ 983.6	\$ 978.6	\$ 5.0	0.5 %
Investment income	—	—	—	— %	—	—	195.6	201.5	195.6	201.5	(5.9)	(2.9)%
Other income	14.4	7.0	7.4	105.7 %	4.4	5.7	41.0	34.6	59.8	47.3	12.5	26.4 %
Total revenues	935.4	909.8	25.6	2.8 %	42.1	54.2	261.5	263.4	1,239.0	1,227.4	11.6	0.9 %
Property operating expenses	411.8	399.2	12.6	3.2 %	18.2	23.7	28.7	25.8	458.7	448.7	10.0	2.2 %
Transaction related costs	—	0.3	(0.3)	(100.0)%	—	—	0.7	0.8	0.7	1.1	(0.4)	(36.4)%
Marketing, general and administrative	—	—	—	— %	—	—	100.9	92.6	100.9	92.6	8.3	9.0 %
	411.8	399.5	12.3	3.1 %	18.2	23.7	130.3	119.2	560.3	542.4	17.9	3.3 %
Other income (expenses):												
Interest expense and amortization of deferred financing costs, net of interest income									\$ (202.2)	\$ (221.1)	18.9	(8.5)%
Depreciation and amortization									(272.4)	(279.5)	7.1	(2.5)%
Equity in net (loss) income from unconsolidated joint ventures									(34.5)	7.3	(41.8)	(572.6)%
Equity in net gain on sale of interest in unconsolidated joint venture/real estate									76.2	304.0	(227.8)	(74.9)%
Purchase price and other fair value adjustment									69.4	57.4	12.0	20.9 %
(Loss) gain on sale of real estate, net									(16.7)	(30.8)	14.1	(45.8)%
Depreciable real estate reserves and impairment									(7.0)	(227.5)	220.5	(96.9)%
Loss on early extinguishment of debt									—	(17.1)	17.1	(100.0)%
Loan loss and other investment reserves, net of recoveries									—	(6.8)	6.8	(100.0)%
Net income									\$ 291.5	\$ 270.9	\$ 20.6	7.6 %

Rental Revenue

Rental revenues increased primarily as a result of increased revenue at our Same-Store properties (\$18.2 million), partially offset by our Disposed Properties (\$10.8 million) and Acquired Properties (\$4.5 million).

The following table presents a summary of the commenced leasing activity for the year ended December 31, 2019 in our Manhattan and Suburban portfolio:

	Usable SF	Rentable SF	New Cash Rent (per rentable SF) ⁽¹⁾	Prev. Escalated Rent (per rentable SF) ⁽²⁾	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Manhattan							
Space available at beginning of the year	1,306,846						
Property no longer in redevelopment	96,857						
Sold vacancies	(16,837)						
Properties placed in service	—						
Acquired vacancies	—						
Property in redevelopment							
Space which became available during the year ⁽³⁾							
• Office	797,720						
• Retail	63,907						
• Storage	13,886						
	<u>875,513</u>						
Total space available	<u>2,262,379</u>						
Leased space commenced during the year:							
• Office ⁽⁴⁾	900,313	977,511	\$ 73.44	\$ 68.82	\$ 85.14	6.7	13.5
• Retail	45,403	45,375	\$ 108.97	\$ 205.72	\$ 54.15	4.5	10.3
• Storage	9,906	13,856	\$ 24.96	\$ 30.67	\$ 4.60	1.4	14.6
Total leased space commenced	<u>955,622</u>	<u>1,036,742</u>	\$ 74.35	\$ 79.56	\$ 82.71	6.5	13.4
Total available space at end of year	<u><u>1,306,757</u></u>						
Early renewals							
• Office	588,899	669,008	\$ 66.43	\$ 54.26	\$ 29.32	3.2	7.3
• Retail	67,394	56,576	\$ 72.00	\$ 70.42	\$ —	—	1.5
• Storage	14,137	18,434	\$ 32.00	\$ 37.20	\$ —	8.3	14.8
Total early renewals	<u>670,430</u>	<u>744,018</u>	\$ 66.00	\$ 55.06	\$ 26.36	3.1	7.1
Total commenced leases, including replaced previous vacancy							
• Office		1,646,519	\$ 70.59	\$ 60.33	\$ 62.46	5.3	11.0
• Retail		101,951	\$ 88.45	\$ 128.63	\$ 24.10	2.0	5.4
• Storage		32,290	\$ 28.98	\$ 35.75	\$ 1.98	5.4	14.7
Total commenced leases		<u><u>1,780,760</u></u>	\$ 70.86	\$ 65.21	\$ 59.16	5.1	10.8

	Usable SF	Rentable SF	New Cash Rent (per rentable SF) ⁽¹⁾	Prev. Escalated Rent (per rentable SF) ⁽²⁾	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Suburban							
Space available at beginning of year	202,480						
Sold vacancies	(91,957)						
Space which became available during the year ⁽³⁾							
• Office	102,614						
• Retail	1,261						
• Storage	1,888						
	<u>105,763</u>						
Total space available	<u>216,286</u>						
Leased space commenced during the year:							
• Office ⁽⁵⁾	58,844	58,964	\$ 33.81	\$ 33.87	\$ 11.74	3.0	4.4
• Retail	3,797	3,797	\$ 11.46	\$ 19.74	\$ —	—	10.8
• Storage	1,395	2,021	\$ 14.17	\$ 13.95	\$ —	—	3.9
Total leased space commenced	<u>64,036</u>	<u>64,782</u>	\$ 31.88	\$ 32.51	\$ 10.69	2.7	4.7
Total available space at end of the year	<u><u>152,250</u></u>						
Early renewals							
• Office	130,280	129,932	\$ 36.03	\$ 37.01	\$ 11.14	6.0	6.9
• Storage	248	248	\$ 18.00	\$ 18.00	\$ —	—	10.8
Total early renewals	<u>130,528</u>	<u>130,180</u>	\$ 36.00	\$ 36.97	\$ 11.12	5.9	6.9
Total commenced leases, including replaced previous vacancy							
• Office		188,896	\$ 35.51	\$ 36.62	\$ 10.95	4.9	6
• Retail		3,797	\$ 11.46	\$ 19.74	\$ —	—	10.8
• Storage		2,269	\$ 14.59	\$ 14.49	\$ —	—	4.7
Total commenced leases		<u><u>194,962</u></u>	\$ 34.75	\$ 36.23	\$ 10.59	4.8	6.1

(1) Annual initial base rent.

(2) Escalated rent includes base rent plus all additional amounts paid by the tenant in the form of real estate taxes, operating expenses, porters wage or a consumer price index (CPI) adjustment.

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

(4) Average starting office rent excluding new tenants replacing vacancies was \$73.25 per rentable square feet for 478,219 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was \$69.27 per rentable square feet for 1,147,227 rentable square feet.

(5) Average starting office rent excluding new tenants replacing vacancies was \$34.79 per rentable square feet for 32,126 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was \$35.79 per rentable square feet for 162,058 rentable square feet.

Investment Income

Investment income decreased primarily due to a decrease in the weighted average yield of our debt and preferred equity investments. For the years ended December 31, 2019 and 2018, the weighted average debt and preferred equity investment balance outstanding and weighted average yield were \$2.1 billion and 8.8%, respectively, compared to \$2.1 billion and 9.0%, respectively. As of December 31, 2019, the debt and preferred equity investments had a weighted average term to maturity of 1.8 years excluding extension options.

Other Income

Other income increased primarily due to promote income recognized from the sale of 521 Fifth Avenue (\$3.4 million) in the second quarter of 2019, higher lease termination income in 2019 as compared with 2018 (\$3.2 million), a leasing commission and fee received at 2 Herald Square (\$3.0 million) in the fourth quarter of 2019, and a real estate tax refund received at 220 East 42nd Street (\$2.5 million) in the third quarter of 2019.

Property Operating Expenses

Property operating expenses increased primarily due to increased operating expenses and real estate taxes at our Same-Store Properties (\$3.9 million and \$8.4 million, respectively), partially offset by decreased operating expenses and real estate taxes at our Disposed Properties (\$3.7 million and \$1.9 million, respectively).

Marketing, General and Administrative Expenses

Marketing, general and administrative expenses were \$100.9 million for the year ended December 31, 2019, compared to \$92.6 million for the same period in 2018. Marketing, general and administrative expenses for the year ended December 31, 2019 includes \$10.0 million of additional expense related to new accounting guidance for leasing costs, which requires the Company to expense certain internal costs that were previously capitalized.

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

Interest expense and amortization of deferred financing costs, net of interest income, decreased primarily as a result of the repayment of the debt at One Madison Avenue in the fourth quarter of 2018 (\$26.2 million) and interest capitalization in connection with a property that is under development (\$8.4 million), partially offset by a higher weighted average balance of the 2017 revolving credit facility (\$14.3 million). The weighted average consolidated debt balance outstanding was \$6.1 billion for the year ended December 31, 2019 as compared to \$5.7 billion for the year ended December 31, 2018. The consolidated weighted average interest rate decreased to 4.00% for the year ended December 31, 2019 as compared to 4.06% for the year ended December 31, 2018 as a result of a decrease in LIBOR.

Depreciation and Amortization

Depreciation and amortization decreased primarily as a result decreased depreciation at our Same Store properties (\$7.9 million) and Disposed properties (\$4.2 million), partially offset by increased depreciation at our Acquired properties (\$5.5 million).

Equity in net (loss) income from unconsolidated joint ventures

Equity in net (loss) income from unconsolidated joint ventures decreased primarily as a result of depreciation at 650 Fifth Avenue (\$9.6 million) and 2 Herald Square (\$6.6 million), the repayment and redemption of certain debt and preferred equity positions accounted for under the equity method (\$9.2 million), a tenant related charge at 280 Park Avenue (\$6.8 million), and the sale of 3 Columbus Circle in the fourth quarter of 2018 (\$5.6 million).

Equity in net gain on sale of interest in unconsolidated joint venture/real estate

During the year ended December 31, 2019, we recognized gains on the sales of our joint venture interests in 521 Fifth Avenue (\$57.4 million) and 131 Spring Street (\$16.7 million). During the year ended December 31, 2018, we recognized gains on the sales of our joint venture interests in 3 Columbus Circle (\$160.4 million), 724 Fifth Avenue (\$64.6 million), 1745 Broadway (\$52.0 million), 175-225 Third Avenue (\$19.5 million), 720 Fifth Avenue (\$6.3 million) and Jericho Plaza (\$0.1 million), and a loss related to the sale of our interest in Stonehenge Village (\$5.7 million).

Purchase price and other fair value adjustments

In August 2019, the Company sold a 49% interest in 115 Spring Street, which resulted in the deconsolidation of our remaining 51% interest. We recorded our investment at fair value which resulted in the recognition of a fair value adjustment of \$3.8 million.

In May 2019, the Company closed on the acquisition of a majority and controlling interest in 410 Tenth Avenue. We recorded the assets acquired and liabilities assumed at fair value which resulted in the recognition of a fair value adjustment of \$67.6 million, which is reflected on the Company's consolidated statement of operations within purchase price and other fair value adjustments. This fair value was allocated to the assets and liabilities, including identified intangibles of the property.

In January 2018, the partnership agreement for our investment in 919 Third Avenue was modified resulting in our partner now having substantive participating rights in the venture and the Company no longer having a controlling interest in the investment. As a result the investment in this property was deconsolidated as of January 1, 2018. The Company recorded its non-controlling interest at fair value resulting in a \$49.3 million fair value adjustment in the consolidated statement of operations. This fair value was allocated to the assets and liabilities, including identified intangibles of the property.

In May, 2018, the Company was the successful bidder at the foreclosure of 2 Herald Square, at which time the Company's \$250.5 million outstanding principal balance on its debt and preferred equity investment and \$7.7 million accrued interest balance receivables were credited to our equity investment in the property. We recorded the assets acquired and liabilities assumed at fair value. This resulted in the recognition of a fair value adjustment of \$8.1 million, which is reflected on the Company's consolidated statement of operations within purchase price and other fair value adjustments. This fair value was allocated to the assets and liabilities, including identified intangibles of the property.

(Loss) Gain on Sale of Real Estate, Net

During the year ended December 31, 2019, we recognized a loss on sale related to our interest in 562 Fifth Avenue (\$26.6 million) and gains on the sales of our interests in 1640 Flatbush Avenue (\$5.5 million), 115 Spring Street (\$3.3 million), and the Suburban Properties (\$1.8 million). The Suburban Properties consist of 360 Hamilton Avenue, 100 Summit Lake Drive, 200 Summit Lake Drive, and 500 Summit Lake Drive. During the year ended December 31, 2018, we recognized a gain on the sale of our interests in 600 Lexington (\$23.8 million) and we recognized losses on the sales of our interests in 300-400 Summit Lake Drive (\$36.2 million), 635 Madison (\$14.1 million), Reckson Executive Park (\$2.6 million) and 115-117 Stevens Avenue (\$0.7 million).

Depreciable Real Estate Reserves and Impairment

During the year ended December 31, 2019, we recorded a charge related to 1010 Washington Boulevard in Stamford, Connecticut (\$7.0 million). During the year ended December 31, 2018, we recorded a charge related to five suburban office properties comprised of 13 buildings (\$221.9 million), which the Company stated it intends to dispose of and three of which were sold in 2019, and a charge related to the Upper East Side Residential Assemblage (\$5.8 million).

Loss on early extinguishment of debt

During the year ended December 31, 2018, we recognized a loss on early extinguishment of debt as a result of the early repayment of the debt at One Madison Avenue (\$14.9 million), and the mortgage at 220 East 42nd (\$2.2 million).

Loan loss and other investment reserves, net of recoveries

During the year ended December 31, 2018, we recognized a loss related to two of our debt and preferred equity positions (\$5.8 million) that were being marketed for sale, one of which was sold in 2019, and the repayment of an investment pursuant to the sale of a property (\$1.1 million).

Comparison of the year ended December 31, 2018 to the year ended December 31, 2017

For a comparison of the year ended December 31, 2018 to the year ended December 31, 2017, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Form 10-K for the year ended December 31, 2018, which was filed with the SEC on February 27, 2019.

Liquidity and Capital Resources

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

- (1) Cash flow from operations;
- (2) Liquidity on hand;
- (3) Net proceeds from divestitures of properties and redemptions, participations and dispositions of debt and preferred equity investments;
- (4) Borrowings under the 2017 credit facility;
- (5) Other forms of secured or unsecured financing; and
- (6) Proceeds from common or preferred equity or debt offerings by the Company or the Operating Partnership (including issuances of units of limited partnership interest in the Operating Partnership and Trust preferred securities).

Cash flow from operations is primarily dependent upon the occupancy level of our portfolio, the net effective rental rates achieved on our leases, the collectability of rent, operating escalations and recoveries from our tenants and the level of operating and other costs. Additionally, we believe that our debt and preferred equity investment program will continue to serve as a source of operating cash flow.

The combined aggregate principal maturities of our property mortgages and other loans payable, Master Repurchase Agreement ("MRA") and Federal Home Loan Bank of New York ("FHLB") facilities, corporate obligations and our share of joint venture debt, including as-of-right extension options, as of December 31, 2019 were as follows (in thousands):

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Thereafter</u>	<u>Total</u>
Property mortgages and other loans	\$ 26,640	\$ 251,546	\$ 538,805	\$ 57,301	\$ 278,781	\$ 866,626	\$ 2,019,699
MRA and FHLB facilities	192,184	—	—	—	—	—	192,184
Corporate obligations	250,000	350,000	800,000	1,540,000	200,000	200,000	3,340,000
Joint venture debt-our share	811,628	805,276	268,952	311,436	17,022	1,813,821	4,028,135
Total	<u>\$ 1,280,452</u>	<u>\$ 1,406,822</u>	<u>\$ 1,607,757</u>	<u>\$ 1,908,737</u>	<u>\$ 495,803</u>	<u>\$ 2,880,447</u>	<u>\$ 9,580,018</u>

As of December 31, 2019, we had liquidity of \$1.5 billion, comprised of \$1.3 billion of availability under our revolving credit facility and \$196.0 million of consolidated cash on hand, inclusive of \$29.9 million of marketable securities and excluding \$131.5 million representing our share of cash at unconsolidated joint venture properties. We expect to generate positive cash flow from operations for the foreseeable future. We may seek to divest of properties or interests in properties or access private and public debt and equity capital when the opportunity presents itself, although there is no guarantee that this capital will be made available to us at efficient levels or at all. Management believes that these sources of liquidity, if we are able to access them, along with potential refinancing opportunities for secured and unsecured debt, will allow us to satisfy our debt obligations, as described above, upon maturity, if not before.

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

Cash Flows

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

Cash, restricted cash, and cash equivalents were \$241.4 million and \$279.1 million at December 31, 2019 and 2018, respectively, representing a decrease of \$37.7 million. The decrease was a result of the following changes in cash flows (in thousands):

	<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>(Decrease) Increase</u>
Net cash provided by operating activities	\$ 376,473	\$ 441,537	\$ (65,064)
Net cash provided by investing activities	\$ 114,494	\$ 681,662	\$ (567,168)
Net cash used in financing activities	\$ (528,650)	\$ (1,094,112)	\$ 565,462

Our principal source of operating cash flow is related to the leasing and operating of the properties in our portfolio. Our properties provide a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, debt service, and fund quarterly dividend and distribution requirements. Our debt and preferred equity investments and joint venture 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 year ended December 31, 2019, when compared to the year ended December 31, 2018, we used cash primarily for the following investing activities (in thousands):

Acquisitions of real estate	\$ (202,105)
Capital expenditures and capitalized interest	1,474
Escrow cash-capital improvements/acquisition deposits/deferred purchase price	(5,239)
Joint venture investments	271,747
Distributions from joint ventures	(154,098)
Proceeds from sales of real estate/partial interest in property	(1,022,702)
Debt and preferred equity and other investments	543,755
Increase in net cash used in investing activities	<u>\$ (567,168)</u>

Funds spent on capital expenditures, which are comprised of building and tenant improvements, decreased from \$254.5 million for the year ended December 31, 2018 to \$253.0 million for the year ended December 31, 2019. The decrease in capital expenditures relates primarily to lower costs incurred in connection with the redevelopment of properties.

We generally fund our investment activity through the sale of real estate, property-level financing, our credit facilities, our MRA facilities, our FHLB facility, senior unsecured notes, and construction loans. From time to time, the Company may issue common or preferred stock, or the Operating Partnership may issue common or preferred units of limited partnership interest. During the year ended December 31, 2019, when compared to the year ended December 31, 2018, we used cash for the following financing activities (in thousands):

Proceeds from our debt obligations	\$ (1,621,407)
Repayments of our debt obligations	1,628,766
Net distribution to noncontrolling interests	12,937
Other financing activities	755
Proceeds from stock options exercised and DRSP issuance	(28,714)
Payment of debt extinguishment costs	13,918
Repurchase of common stock	595,142
Redemption of preferred stock	(16,934)
Acquisition of subsidiary interest from noncontrolling interest	(25,845)
Dividends and distributions paid	6,844
Increase in net cash provided by financing activities	<u>\$ 565,462</u>

Capitalization

Our authorized capital stock consists of 260,000,000 shares, \$0.01 par value per share, consisting of 160,000,000 shares of common stock, \$0.01 par value per share, 75,000,000 shares of excess stock, at \$0.01 par value per share, and 25,000,000 shares of preferred stock, \$0.01 par value per share. As of December 31, 2019, 79,202,322 shares of common stock and no shares of excess stock were issued and outstanding.

Share Repurchase Program

In August 2016, our Board of Directors approved a share repurchase program under which we can repurchase up to \$1.0 billion of shares of our common stock. The Board of Directors has since authorized four separate \$500.0 million increases to the size of the share repurchase program in the fourth quarter of 2017, second quarter of 2018, fourth quarter of 2018, and fourth quarter of 2019 bringing the total program size to \$3.0 billion.

At December 31, 2019 repurchases executed under the program were as follows:

Period	Shares repurchased	Average price paid per share	Cumulative number of shares repurchased as part of the repurchase plan or programs
Year ended 2017	8,342,411	\$101.64	8,342,411
Year ended 2018	9,744,911	\$96.22	18,087,322
Year ended 2019	4,596,171	\$83.62	22,683,493

At-The-Market Equity Offering Program

In March 2015, the Company, along with the Operating Partnership, entered into an "at-the-market" equity offering program, or ATM Program, to sell an aggregate of \$300.0 million of our common stock. The Company did not make any sales of its common stock under the ATM program in the years ended December 31, 2019, 2018, or 2017.

Dividend Reinvestment and Stock Purchase Plan ("DRSPP")

In February 2018, the Company filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan, or DRSPP, which automatically became effective upon filing. The Company registered 3,500,000 shares of our common stock under the DRSPP. The DRSPP commenced on September 24, 2001.

The following table summarizes SL Green common stock issued, and proceeds received from dividend reinvestments and/or stock purchases under the DRSPP for the years ended December 31, 2019, 2018, and 2017, respectively (dollars in thousands):

	Year Ended December 31,		
	2019	2018	2017
Shares of common stock issued	3,867	1,399	2,141
Dividend reinvestments/stock purchases under the DRSPP	\$ 334	\$ 136	\$ 223

Fourth Amended and Restated 2005 Stock Option and Incentive Plan

The Fourth Amended and Restated 2005 Stock Option and Incentive Plan, or the 2005 Plan, was approved by the Company's board of directors in April 2016 and its stockholders in June 2016 at the Company's annual meeting of stockholders. Subject to adjustments upon certain corporate transactions or events, awards with respect to up to a maximum of 27,030,000 fungible units may be granted as options, restricted stock, phantom shares, dividend equivalent rights and other equity-based awards under the 2005 Plan. As of December 31, 2019, 4.1 million fungible units were available for issuance under the 2005 Plan after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units.

2014 Outperformance Plan

In August 2014, the compensation committee of the Company's board of directors approved the general terms of the SL Green Realty Corp. 2014 Outperformance Plan, or the 2014 Outperformance Plan. Participants in the 2014 Outperformance Plan could earn, in the aggregate, up to 610,000 LTIP Units in our Operating Partnership based on our total return to stockholders for the three year period beginning September 1, 2014. Under the 2014 Outperformance Plan, two-thirds of the LTIP Units were subject to performance based vesting based on the Company's absolute total return to stockholders and one-third of the LTIP Units were subject to performance based vesting based on relative total return to stockholders compared to the constituents of the MSCI REIT Index. LTIP Units earned under the 2014 Outperformance Plan were to be subject to continued vesting requirements, with 50% of any awards earned vesting on August 31, 2017 and the remaining 50% vesting on August 31, 2018, subject to continued employment with us through such dates. Participants were not entitled to distributions with respect to LTIP Units granted under the 2014 Outperformance Plan unless and until they are earned. If LTIP Units were earned, each participant would have been entitled to the distributions that would have been paid had the number of earned LTIP Units been issued at the beginning of the performance period, with such distributions being paid in the form of cash or additional LTIP Units. Thereafter, distributions were to be paid currently with respect to all earned LTIP Units, whether vested or unvested.

Based on our performance, none of the LTIP Units granted under the 2014 Outperformance Plan were earned pursuant to the terms of the 2014 Outperformance Plan, and all units issued were forfeited in 2017.

The cost of the 2014 Outperformance Plan (\$27.9 million subject to forfeitures), based on the portion of the 2014 Outperformance Plan granted prior to termination, was amortized into earnings through December 31, 2017. We recorded no compensation expense during the years ended December 31, 2019 and 2018, and compensation expense of \$13.6 million during the year ended December 31, 2017 related to the 2014 Outperformance Plan.

Deferred Compensation Plan for Directors

Under our Non-Employee Director's Deferral Program, which commenced July 2004, the Company's non-employee directors may elect to defer up to 100% of their annual retainer fee, chairman fees, meeting fees and annual stock grant. Unless otherwise elected by a participant, fees deferred under the program shall be credited in the form of phantom stock units. The program provides that a director's phantom stock units generally will be settled in an equal number of shares of common stock upon the earlier of (i) the January 1 coincident with or the next following such director's termination of service from the Board of Directors or (ii) a change in control by us, as defined by the program. Phantom stock units are credited to each non-employee director quarterly using the closing price of our common stock on the first business day of the respective quarter. Each participating non-employee director is also credited with dividend equivalents or phantom stock units based on the dividend rate for each quarter, which are either paid in cash currently or credited to the director's account as additional phantom stock units.

During the year ended December 31, 2019, 18,669 phantom stock units and 9,949 shares of common stock were issued to our board of directors. We recorded compensation expense of \$2.4 million during the year ended December 31, 2019 related to the Deferred Compensation Plan. As of December 31, 2019, there were 128,946 phantom stock units outstanding pursuant to our Non-Employee Director's Deferral Program.

Employee Stock Purchase Plan

In 2007, the Company's board of directors adopted the 2008 Employee Stock Purchase Plan, or ESPP, to encourage our employees to make our business more successful by providing equity-based incentives to eligible employees. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code, and has been adopted by the board to enable our eligible employees to purchase the Company's shares of common stock through payroll deductions. The ESPP became effective on January 1, 2008 with a maximum of 500,000 shares of the common stock available for issuance, subject to adjustment upon a merger, reorganization, stock split or other similar corporate change. The Company filed a registration statement on Form S-8 with the SEC with respect to the ESPP. The common stock is offered for purchase through a series of successive offering periods. Each offering period will be three months in duration and will begin on the first day of each calendar quarter, with the first offering period having commenced on January 1, 2008. The ESPP provides for eligible employees to purchase the common stock at a purchase price equal to 85% of the lesser of (1) the market value of the common stock on the first day of the offering period or (2) the market value of the common stock on the last day of the offering period. The ESPP was approved by our stockholders at our 2008 annual meeting of stockholders. As of December 31, 2019, 131,440 shares of our common stock had been issued under the ESPP.

Indebtedness

The table below summarizes our consolidated mortgages and other loans payable, 2017 credit facility, senior unsecured notes and trust preferred securities outstanding at December 31, 2019 and 2018, (dollars in thousands).

	December 31,	
	2019	2018
Debt Summary:		
Balance		
Fixed rate	\$ 2,536,286	\$ 2,543,476
Variable rate—hedged	1,000,000	1,000,000
Total fixed rate	3,536,286	3,543,476
Total variable rate	2,018,434	2,048,442
Total debt	\$ 5,554,720	\$ 5,591,918
Debt, preferred equity, and other investments subject to variable rate	618,885	1,299,390
Net exposure to variable rate debt	1,399,549	749,052
Percent of Total Debt:		
Fixed rate	63.7%	63.4%
Variable rate ⁽¹⁾	36.3%	36.6%
Total	100.0%	100.0%
Effective Interest Rate for the Year:		
Fixed rate	4.05%	4.34%
Variable rate	3.93%	3.57%
Effective interest rate	3.85%	4.06%

(1) Inclusive of the mitigating effect of our debt, preferred equity, and other investments subject to variable rates, the percent of total debt of our net exposure to variable rate debt was 28.4% and 17.5% as of December 31, 2019 and December 31, 2018, respectively.

The variable rate debt shown above generally bears interest at an interest rate based on 30-day LIBOR (1.76% and 2.50% at December 31, 2019 and 2018, respectively). Our consolidated debt at December 31, 2019 had a weighted average term to maturity of 3.72 years.

Certain of our debt and equity investments and other investments, with carrying values of \$0.6 billion at December 31, 2019 and \$1.3 billion at December 31, 2018, are variable rate investments which mitigate our exposure to interest rate changes on our unhedged variable rate debt. Inclusive of the mitigating effect of these investments, the net percent of our variable rate debt to total debt was 28.4% and 17.5%, respectively.

Mortgage Financing

As of December 31, 2019, our total mortgage debt (excluding our share of joint venture mortgage debt of \$4.0 billion) consisted of \$1.4 billion of fixed rate debt, including swapped variable rate debt, with an effective weighted average interest rate of 4.26% and \$0.8 billion of variable rate debt with an effective weighted average interest rate of 4.52%.

Corporate Indebtedness

2017 Credit Facility

In November 2017, we entered into an amendment to the credit facility, referred to as the 2017 credit facility, that was originally entered into by the Company in November 2012, or the 2012 credit facility. As of December 31, 2019, the 2017 credit facility consisted of a \$1.5 billion revolving credit facility, a \$1.3 billion term loan (or "Term Loan A"), and a \$200.0 million term loan (or "Term Loan B") with maturity dates of March 31, 2022, March 31, 2023, and November 21, 2024, respectively. The revolving credit facility has two six-month as-of-right extension options to March 31, 2023. We also have an option, subject to customary conditions, to increase the capacity of the credit facility to \$4.5 billion at any time prior to the maturity dates for the revolving credit facility and term loans without the consent of existing lenders, by obtaining additional commitments from our existing lenders and other financial institutions.

As of December 31, 2019, the 2017 credit facility bore interest at a spread over 30-day LIBOR ranging from (i) 82.5 basis points to 155 basis points for loans under the revolving credit facility, (ii) 90 basis points to 175 basis points for loans under Term

Loan A, and (iii) 85 basis points to 165 basis points for loans under Term Loan B, in each case based on the credit rating assigned to the senior unsecured long term indebtedness of the Company.

In May 2019, we entered into an agreement to reduce the interest rate spread under Term Loan B by 65 basis points to a spread over 30-day LIBOR ranging from 85 basis points to 165 basis points. This reduction was effective in November 2019.

At December 31, 2019, the applicable spread was 100 basis points for the revolving credit facility, 110 basis points for Term Loan A, and 100 basis points for Term Loan B. 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 the Company. As of December 31, 2019, the facility fee was 20 basis points.

As of December 31, 2019, we had \$11.8 million of outstanding letters of credit, \$240.0 million drawn under the revolving credit facility and \$1.5 billion outstanding under the term loan facilities, with total undrawn capacity of \$1.3 billion under the 2017 credit facility. At December 31, 2019 and December 31, 2018, the revolving credit facility had a carrying value of \$234.0 million and \$492.2 million, respectively, net of deferred financing costs. At December 31, 2019 and December 31, 2018, the term loan facilities had a carrying value of \$1.5 billion and \$1.5 billion, respectively, net of deferred financing costs.

The Company and the Operating Partnership are borrowers jointly and severally obligated under the 2017 credit facility.

The 2017 credit facility includes certain restrictions and covenants (see Restrictive Covenants below).

Federal Home Loan Bank of New York ("FHLB") Facility

The Company's wholly-owned subsidiary, Ticonderoga Insurance Company, or Ticonderoga, a Vermont licensed captive insurance company, is a member of the Federal Home Loan Bank of New York, or FHLB NY. As a member, Ticonderoga may borrow funds from the FHLB NY in the form of secured advances that bear interest at a floating rate. As of December 31, 2019, we had a total of \$39.5 million in outstanding secured advances with an average spread of 0.0025 basis points over 30-day LIBOR.

Master Repurchase Agreement

The Company entered into a Master Repurchase Agreement, or MRA, known as the 2017 MRA, which provides us with the ability to sell certain mortgage investments with a simultaneous agreement to repurchase the same at a certain date or on demand. 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 our access to additional liquidity through the 2017 credit facility, as defined above.

The 2017 MRA has a maximum facility capacity of \$300.0 million. In April 2018, we increased the maximum facility capacity to \$400.0 million. The facility bears interest on a floating rate basis at a spread to 30-day LIBOR based on the pledged collateral and advance rate. In June 2018, we exercised a 1 year extension option and in June 2019, we exercised another 1 year extension option. In August 2019, we amended our agreement to include two additional 1 year extension options. At December 31, 2019, the facility had a carrying value of \$152.4 million, net of deferred financing costs.

Senior Unsecured Notes

The following table sets forth our senior unsecured notes and other related disclosures as of December 31, 2019 and 2018, respectively, by scheduled maturity date (dollars in thousands):

Issuance	December 31, 2019 Unpaid Principal Balance	December 31, 2019 Accreted Balance	December 31, 2018 Accreted Balance	Interest Rate ⁽¹⁾	Initial Term (in Years)	Maturity
March 16, 2010 ⁽²⁾	\$ 250,000	\$ 250,000	\$ 250,000	7.75%	10	March 2020
August 7, 2018 ⁽³⁾⁽⁴⁾	350,000	350,000	350,000	L+ 0.98%	3	August 2021
October 5, 2017 ⁽³⁾	500,000	499,695	499,591	3.25%	5	October 2022
November 15, 2012 ⁽⁵⁾	300,000	303,142	304,168	4.50%	10	December 2022
December 17, 2015 ⁽²⁾	100,000	100,000	100,000	4.27%	10	December 2025
	\$ 1,500,000	\$ 1,502,837	\$ 1,503,759			
Deferred financing costs, net		(5,990)	(8,545)			
	\$ 1,500,000	\$ 1,496,847	\$ 1,495,214			

- (1) Interest rate as of December 31, 2019, taking into account interest rate hedges in effect during the period. Floating rate notes are presented with the stated spread over 3-month LIBOR, unless otherwise specified.
- (2) Issued by the Company and the Operating Partnership as co-obligors.
- (3) Issued by the Operating Partnership with the Company as the guarantor.
- (4) Beginning on August 8, 2019 and at any time thereafter, the notes are subject to redemption at the Company's option, in whole but not in part, at a redemption price equal to 100% of the principal amount of the notes, plus unpaid accrued interest thereon to the redemption date.
- (5) In October 2017, the Company and the Operating Partnership as co-obligors issued an additional \$100.0 million of 4.50% senior unsecured notes due December 2022. The notes were priced at 105.334% of par.

Restrictive Covenants

The terms of the 2017 credit facility and certain of our senior unsecured notes include certain restrictions and covenants which may limit, among other things, our ability to pay dividends, make certain types of investments, incur additional indebtedness, incur liens and enter into negative pledge agreements and dispose of assets, and which require compliance with financial ratios relating to the maximum ratio of total indebtedness to total asset value, a minimum ratio of EBITDA to fixed charges, a maximum ratio of secured indebtedness to total asset value and a maximum ratio of unsecured indebtedness to unencumbered asset value. The dividend restriction referred to above provides that, we will not during any time when a default is continuing, make distributions with respect to common stock or other equity interests, except to enable the Company to continue to qualify as a REIT for Federal income tax purposes. As of December 31, 2019 and 2018, we were in compliance with all such covenants.

Junior Subordinated Deferrable Interest Debentures

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

Interest Rate Risk

We are exposed to changes in interest rates primarily from our variable rate debt. Our exposure to interest rate fluctuations are managed through either the use of interest rate derivative instruments and/or through our variable rate debt and preferred equity investments. Based on the debt outstanding as of December 31, 2019, a hypothetical 100 basis point increase in the floating rate interest rate curve would increase our consolidated annual interest cost, net of interest income from variable rate debt and preferred equity investments, by \$13.3 million and would increase our share of joint venture annual interest cost by \$17.0 million. At December 31, 2019, 39.2% of our \$1.6 billion debt and preferred equity portfolio is indexed to LIBOR.

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

Our long-term debt of \$3.5 billion bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. Our variable rate debt and variable rate joint venture debt as of December 31, 2019 bore interest at rates between LIBOR plus 17 basis points and LIBOR plus 340 basis points.

Contractual Obligations

The combined aggregate principal maturities of mortgages and other loans payable, the 2017 credit facility, senior unsecured notes (net of discount), trust preferred securities, our share of joint venture debt, including as-of-right extension options and put options, estimated interest expense, and our obligations under our financing and operating leases, as of December 31, 2019 are as follows (in thousands):

	2020	2021	2022	2023	2024	Thereafter	Total
Property mortgages and other loans	\$ 26,640	\$ 251,546	\$ 538,805	\$ 57,301	\$ 278,781	\$ 866,626	\$ 2,019,699
MRA and FHLB facilities	192,184	—	—	—	—	—	192,184
Revolving credit facility	—	—	—	240,000	—	—	240,000
Unsecured term loans	—	—	—	1,300,000	200,000	—	1,500,000
Senior unsecured notes	250,000	350,000	800,000	—	—	100,000	1,500,000
Trust preferred securities	—	—	—	—	—	100,000	100,000
Financing leases	2,619	2,794	2,794	2,794	2,819	814,283	828,103
Operating leases	31,508	31,702	29,548	27,243	27,263	649,289	796,553
Estimated interest expense	195,571	176,335	144,098	76,664	59,834	121,233	773,735
Joint venture debt	811,628	805,276	268,952	311,436	17,022	1,813,821	4,028,135
Total	<u>\$ 1,510,150</u>	<u>\$ 1,617,653</u>	<u>\$ 1,784,197</u>	<u>\$ 2,015,438</u>	<u>\$ 585,719</u>	<u>\$ 4,465,252</u>	<u>\$ 11,978,409</u>

Off-Balance Sheet Arrangements

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

Capital Expenditures

We estimate that for the year ending December 31, 2020, we expect to incur \$145.3 million of recurring capital expenditures and \$298.5 million of development or redevelopment expenditures on existing consolidated properties, and our share of capital expenditures at our joint venture properties will be \$485.5 million. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs. We expect to fund these capital expenditures with operating cash flow, existing liquidity, or incremental borrowings. We expect our capital needs over the next twelve months and thereafter will be met through a combination of cash on hand, net cash provided by operations, potential asset sales, borrowings or additional equity or debt issuances.

Dividends/Distributions

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

To maintain our qualification as a REIT, we must pay annual dividends to our stockholders of at least 90% of our REIT taxable income, determined before taking into consideration the dividends paid deduction and net capital gains. We intend to continue to pay regular quarterly dividends to our stockholders. Based on our current annual dividend rate of \$3.54 per share, we would pay \$280.4 million in dividends to our common stockholders on an annual basis. Before we pay any dividend, whether for Federal income tax purposes or otherwise, which would only be paid out of available cash to the extent permitted under the 2017 credit facility and senior unsecured notes, we must first meet both our operating requirements and scheduled debt service on our mortgages and loans payable.

Related Party Transactions

Cleaning/ Security/ Messenger and Restoration Services

Alliance Building Services, or Alliance, and its affiliates are partially owned by Gary Green, a son of Stephen L. Green, who serves as a member and as the chairman emeritus of our board of directors, and provide services to certain properties owned by us. Alliance's affiliates include First Quality Maintenance, L.P., or First Quality, Classic Security LLC, Bright Star Couriers LLC

and Onyx Restoration Works, and provide cleaning, extermination, security, messenger, and restoration services, respectively. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. The Service Corporation has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to certain tenants at certain buildings above the base services specified in their lease agreements.

Income earned from the profit participation, which is included in other income on the consolidated statements of operations, was \$3.9 million, \$3.9 million and \$3.9 million for the years ended December 31, 2019, 2018 and 2017, respectively.

We also recorded expenses, inclusive of capitalized expenses, of \$18.8 million, \$18.8 million and \$22.6 million the years ended December 31, 2019, 2018 and 2017, respectively, for these services (excluding services provided directly to tenants).

Management Fees

S.L. Green Management Corp., a consolidated entity, receives property management fees from an entity in which Stephen L. Green owns an interest. We received management fees from this entity of \$0.6 million, \$0.6 million and \$0.5 million for the years ended December 31, 2019, 2018, and 2017 respectively.

One Vanderbilt Investment

In December 2016, we entered into agreements with entities owned and controlled by our Chairman and CEO, Marc Holliday, and our President, Andrew Mathias, pursuant to which they agreed to make an investment in our One Vanderbilt project at the appraised fair market value for the interests acquired. This investment entitles these entities to receive approximately 1.50% - 1.80% and 1.00% - 1.20%, respectively, of any profits realized by the Company from its One Vanderbilt project in excess of the Company's capital contributions. The entities have no right to any return of capital. Accordingly, subject to previously disclosed repurchase rights, these interests will have no value and will not entitle these entities to any amounts (other than limited distributions to cover tax liabilities incurred) unless and until the Company has received distributions from the One Vanderbilt project in excess of the Company's aggregate investment in the project. In the event that the Company does not realize a profit on its investment in the project (or would not realize a profit based on the value at the time the interests are repurchased), the entities owned and controlled by Messrs. Holliday and Mathias will lose the entire amount of their investment. The entities owned and controlled by Messrs. Holliday and Mathias paid \$1.4 million and \$1.0 million, respectively, which equal the fair market value of the interests acquired as of the date the investment agreements were entered into as determined by an independent third party appraisal that we obtained.

Messrs. Holliday and Mathias cannot monetize their interests until after stabilization of the property (50% within three years after stabilization and 100% three years or more after stabilization). In addition, the agreement calls for us to repurchase these interests in the event of a sale of One Vanderbilt or a transactional change of control of the Company. We also have the right to repurchase these interests on the seven-year anniversary of the stabilization of the project or upon the occurrence of certain separation events prior to the stabilization of the project relating to each of Messrs. Holliday's and Mathias's continued service with us. The price paid upon monetization of the interests will equal the liquidation value of the interests at the time, with the value of One Vanderbilt being based on its sale price, if applicable, or fair market value as determined by an independent third party appraiser.

Insurance

We maintain "all-risk" property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism, excluding nuclear, biological, chemical, and radiological terrorism ("NBCR")), within three property insurance programs and liability insurance. Separate property and liability coverage may be purchased on a stand-alone basis for certain assets, such as the development of One Vanderbilt. Additionally, one of our captive insurance companies, Belmont Insurance Company, or Belmont, provides coverage for NBCR terrorist acts above a specified trigger. Belmont's retention is reinsured by our other captive insurance company, Ticonderoga Insurance Company ("Ticonderoga"). If Belmont or Ticonderoga are required to pay a claim under our insurance policies, we would ultimately record the loss to the extent of required payments. However, there is no assurance that in the future we will be able to procure coverage at a reasonable cost. Further, if we experience losses that are uninsured or that exceed policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. Additionally, our debt instruments contain customary covenants requiring us to maintain insurance and we could default under our debt instruments if the cost and/or availability of certain types of insurance make it impractical or impossible to comply with such covenants relating to insurance. Belmont and Ticonderoga provide coverage solely on properties owned by the Company or its affiliates.

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

Funds from Operations

FFO is a widely recognized non-GAAP financial measure of REIT performance. The Company computes FFO in accordance with standards established by NAREIT, which may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with the NAREIT definition, or that interpret the NAREIT definition differently than the Company does. The revised White Paper on FFO approved by the Board of Governors of NAREIT in April 2002, and subsequently amended in December 2018, defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of properties, and real estate related impairment charges, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures.

The Company presents FFO because it considers it an important supplemental measure of the Company's operating performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, particularly those that own and operate commercial office properties. The Company also uses FFO as one of several criteria to determine performance-based compensation for members of its senior management. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions, and real estate related impairment charges, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, and interest costs, providing perspective not immediately apparent from net income. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP), as an indication of the Company's financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs, including our ability to make cash distributions.

FFO for the years ended December 31, 2019, 2018, and 2017 are as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Net income attributable to SL Green common stockholders	\$ 255,484	\$ 232,312	\$ 86,424
Add:			
Depreciation and amortization	272,358	279,507	403,320
Joint venture depreciation and noncontrolling interest adjustments	192,426	187,147	102,334
Net income (loss) attributable to noncontrolling interests	10,142	12,210	(11,706)
Less:			
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	76,181	303,967	16,166
Depreciable real estate reserves and impairment	(7,047)	(227,543)	(178,520)
(Loss) gain on sale of real estate, net	(16,749)	(30,757)	73,241
Purchase price and other fair value adjustment	69,389	57,385	—
Depreciation on non-rental real estate assets	2,935	2,404	2,191
Funds from Operations attributable to SL Green common stockholders	<u>\$ 605,701</u>	<u>\$ 605,720</u>	<u>\$ 667,294</u>
Cash flows provided by operating activities	\$ 376,473	\$ 441,537	\$ 543,001
Cash flows provided by investing activities	\$ 114,494	\$ 681,662	\$ 22,014
Cash flows used in financing activities	\$ (528,650)	\$ (1,094,112)	\$ (684,956)

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 New York metropolitan area 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, development 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 or borrowers;
- adverse changes in the real estate markets, including reduced demand for office space, increasing vacancy, and increasing availability of sublease space;
- availability of capital (debt and equity);
- unanticipated increases in financing and other costs, including a rise in interest rates;
- our ability to comply with financial covenants in our debt instruments;
- our ability to maintain our 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.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

The table below presents the principal cash flows based upon maturity dates of our debt obligations and debt and preferred equity investments and the weighted-average interest rates by expected maturity dates, including as-of-right extension options, as of December 31, 2019 (in thousands):

	Long-Term Debt				Debt and Preferred Equity Investments ⁽¹⁾	
	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate	Amount	Weighted Yield
2020	\$ 261,118	3.93%	\$ 207,706	3.16%	\$ 769,661	8.26%
2021	11,638	3.85%	589,908	2.95%	258,325	8.09%
2022	1,007,985	3.86%	330,820	2.97%	226,448	11.23%
2023	1,007,301	4.17%	590,000	3.13%	207,672	8.02%
2024	278,781	4.25%	200,000	3.37%	12,950	9.41%
Thereafter	966,626	4.31%	100,000	3.64%	105,250	7.77%
Total	<u>\$ 3,533,449</u>	<u>3.95%</u>	<u>\$ 2,018,434</u>	<u>3.08%</u>	<u>\$ 1,580,306</u>	<u>8.60%</u>
Fair Value	<u>\$ 3,642,770</u>		<u>\$ 2,018,714</u>			

(1) Our debt and preferred equity investments had an estimated fair value ranging between \$1.6 billion and \$1.7 billion at December 31, 2019.

The table below presents the principal cash flows based upon maturity dates of our share of our joint venture debt obligations and the weighted-average interest rates by expected maturity dates as of December 31, 2019 (in thousands):

	Long Term Debt			
	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate
2020	\$ 11,180	4.15%	\$ 800,448	3.52%
2021	11,715	4.16%	793,561	3.39%
2022	220,806	4.11%	48,146	3.58%
2023	271,090	3.94%	40,346	4.21%
2024	17,006	3.88%	16	4.31%
Thereafter	1,703,667	3.93%	110,154	4.37%
Total	<u>\$ 2,235,464</u>	<u>4.07%</u>	<u>\$ 1,792,671</u>	<u>3.66%</u>
Fair Value	<u>\$ 2,304,813</u>		<u>\$ 1,796,808</u>	

The table below lists our consolidated derivative instruments, which are hedging variable rate debt, and their related fair values as of December 31, 2019 (in thousands):

	<u>Asset Hedged</u>	<u>Benchmark Rate</u>	<u>Notional Value</u>	<u>Strike Rate</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Fair Value</u>
Interest Rate Cap	Mortgage	LIBOR	\$ 300,000	3.750%	May 2019	May 2020	\$ —
Interest Rate Swap	Credit Facility	LIBOR	100,000	1.928%	December 2017	November 2020	(281)
Interest Rate Swap	Mortgage	LIBOR	100,000	1.934%	December 2017	November 2020	(286)
Interest Rate Cap	Mortgage	LIBOR	111,869	3.500%	December 2019	December 2020	—
Interest Rate Cap	Mortgage	LIBOR	85,000	4.000%	March 2019	March 2021	—
Interest Rate Swap	Credit Facility	LIBOR	200,000	1.131%	July 2016	July 2023	3,015
Interest Rate Swap	Credit Facility	LIBOR	100,000	1.161%	July 2016	July 2023	1,404
Interest Rate Swap	Credit Facility	LIBOR	150,000	2.696%	January 2019	January 2024	(6,570)
Interest Rate Swap	Credit Facility	LIBOR	150,000	2.721%	January 2019	January 2026	(9,344)
Interest Rate Swap	Credit Facility	LIBOR	200,000	2.740%	January 2019	January 2026	(12,629)
Total Consolidated Hedges							<u>\$ (24,691)</u>

In addition to these derivative instruments, some of our joint venture loan agreements require the joint venture to purchase interest rate caps on its debt. All such interest rate caps represented an asset of \$0.1 million in the aggregate at December 31, 2019. We also swapped certain floating rate debt at some of our joint ventures. These swaps represented a liability of \$0.2 million in the aggregate at December 31, 2019.

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Assets</u>		
Commercial real estate properties, at cost:		
Land and land interests	\$ 1,751,544	\$ 1,774,899
Building and improvements	5,154,990	5,268,484
Building leasehold and improvements	1,433,793	1,423,107
Right of use asset - financing leases	47,445	47,445
Right of use asset - operating leases	396,795	—
	<u>8,784,567</u>	<u>8,513,935</u>
Less: accumulated depreciation	<u>(2,060,560)</u>	<u>(2,099,137)</u>
	6,724,007	6,414,798
Assets held for sale	391,664	—
Cash and cash equivalents	166,070	129,475
Restricted cash	75,360	149,638
Investments in marketable securities	29,887	28,638
Tenant and other receivables, net of allowance of \$12,369 and \$15,702 in 2019 and 2018, respectively	43,968	41,589
Related party receivables	21,121	28,033
Deferred rents receivable, net of allowance of \$12,477 and \$15,457 in 2019 and 2018, respectively	283,011	335,985
Debt and preferred equity investments, net of discounts and deferred origination fees of \$14,562 and \$22,379 and allowances of \$1,750 and \$5,750 in 2019 and 2018, respectively	1,580,306	2,099,393
Investments in unconsolidated joint ventures	2,912,842	3,019,020
Deferred costs, net	205,283	209,110
Other assets	332,801	295,679
Total assets ⁽¹⁾	<u>\$ 12,766,320</u>	<u>\$ 12,751,358</u>
<u>Liabilities</u>		
Mortgages and other loans payable, net	\$ 2,183,253	\$ 1,961,240
Revolving credit facility, net	234,013	492,196
Unsecured term loans, net	1,494,024	1,493,051
Unsecured notes, net	1,496,847	1,495,214
Accrued interest payable	22,148	23,154
Other liabilities	177,080	116,566
Accounts payable and accrued expenses	166,905	147,060
Deferred revenue	114,052	94,453
Lease liability - financing leases	44,448	43,616
Lease liability - operating leases	381,671	3,603
Dividend and distributions payable	79,282	80,430
Security deposits	62,252	64,688
Liabilities related to assets held for sale	—	—
Junior subordinated deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
Total liabilities ⁽¹⁾	<u>6,555,975</u>	<u>6,115,271</u>
Commitments and contingencies		
Noncontrolling interests in Operating Partnership	409,862	387,805
Preferred units	283,285	300,427

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

	December 31, 2019	December 31, 2018
<u>Equity</u>		
SL Green stockholders' equity:		
Series I Preferred Stock, \$0.01 par value, \$25.00 liquidation preference, 9,200 issued and outstanding at both December 31, 2019 and 2018	221,932	221,932
Common stock, \$0.01 par value, 160,000 shares authorized and 80,257 and 84,739 issued and outstanding at December 31, 2019 and 2018, respectively (including 1,055 and 1,055 shares held in treasury at December 31, 2019 and 2018, respectively)	803	847
Additional paid-in-capital	4,286,395	4,508,685
Treasury stock at cost	(124,049)	(124,049)
Accumulated other comprehensive (loss) income	(28,485)	15,108
Retained earnings	1,084,719	1,278,998
Total SL Green stockholders' equity	5,441,315	5,901,521
Noncontrolling interests in other partnerships	75,883	46,334
Total equity	5,517,198	5,947,855
Total liabilities and equity	\$ 12,766,320	\$ 12,751,358

⁽¹⁾ The Company's consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs"). See Note 2. The consolidated balance sheets include the following amounts related to our consolidated VIEs, excluding the Operating Partnership: \$205.2 million and \$110.0 million of land, \$481.9 million and \$346.7 million of building and improvements, \$2.0 million and \$2.0 million of building and leasehold improvements, \$61.7 million and \$47.4 million of right of use assets, \$17.6 million and \$42.2 million of accumulated depreciation, \$169.5 million and \$112.6 million of other assets included in other line items, \$457.1 million and \$140.8 million of real estate debt, net, \$1.2 million and \$0.4 million of accrued interest payable, \$57.7 million and \$43.6 million of lease liabilities, and \$43.7 million and \$18.3 million of other liabilities included in other line items as of December 31, 2019 and December 31, 2018, respectively.

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

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

	Year Ended December 31,		
	2019	2018	2017
Revenues			
Rental revenue, net	\$ 983,557	\$ 978,574	\$ 1,273,932
Investment income	195,590	201,492	193,871
Other income	59,848	47,326	43,670
Total revenues	<u>1,238,995</u>	<u>1,227,392</u>	<u>1,511,473</u>
Expenses			
Operating expenses, including \$18,106 in 2019, \$17,823 in 2018, \$21,400 in 2017 of related party expenses	234,676	229,347	293,364
Real estate taxes	190,764	186,351	244,323
Operating lease rent	33,188	32,965	33,231
Interest expense, net of interest income	190,521	208,669	257,045
Amortization of deferred financing costs	11,653	12,408	16,498
Depreciation and amortization	272,358	279,507	403,320
Loan loss and other investment reserves, net of recoveries	—	6,839	—
Transaction related costs	729	1,099	(1,834)
Marketing, general and administrative	100,875	92,631	100,498
Total expenses	<u>1,034,764</u>	<u>1,049,816</u>	<u>1,346,445</u>
Equity in net (loss) income from unconsolidated joint ventures	(34,518)	7,311	21,892
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	76,181	303,967	16,166
Purchase price and other fair value adjustment	69,389	57,385	—
(Loss) gain on sale of real estate, net	(16,749)	(30,757)	73,241
Depreciable real estate reserves and impairment	(7,047)	(227,543)	(178,520)
Gain on sale of investment in marketable securities	—	—	3,262
Loss on early extinguishment of debt	—	(17,083)	—
Net income	<u>291,487</u>	<u>270,856</u>	<u>101,069</u>
Net (income) loss attributable to noncontrolling interests:			
Noncontrolling interests in the Operating Partnership	(13,301)	(12,216)	(3,995)
Noncontrolling interests in other partnerships	3,159	6	15,701
Preferred units distributions	(10,911)	(11,384)	(11,401)
Net income attributable to SL Green	<u>270,434</u>	<u>247,262</u>	<u>101,374</u>
Perpetual preferred stock dividends	(14,950)	(14,950)	(14,950)
Net income attributable to SL Green common stockholders	<u>\$ 255,484</u>	<u>\$ 232,312</u>	<u>\$ 86,424</u>
Basic earnings per share:	\$ 3.10	\$ 2.67	\$ 0.87
Diluted earnings per share:	\$ 3.10	\$ 2.67	\$ 0.87
Basic weighted average common shares outstanding	81,733	86,753	98,571
Diluted weighted average common shares and common share equivalents outstanding	86,562	91,530	103,403

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

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

	Year Ended December 31,		
	2019	2018	2017
Net income	\$ 291,487	\$ 270,856	\$ 101,069
Other comprehensive (loss) income:			
(Decrease) increase in unrealized value of derivative instruments, including SL Green's share of joint venture derivative instruments	(47,118)	(3,622)	1,040
Increase (decrease) in unrealized value of marketable securities	1,249	60	(4,667)
Other comprehensive loss	(45,869)	(3,562)	(3,627)
Comprehensive income	245,618	267,294	97,442
Net (income) loss attributable to noncontrolling interests and preferred units distributions	(21,053)	(23,594)	305
Other comprehensive loss attributable to noncontrolling interests	2,276	66	94
Comprehensive income attributable to SL Green	\$ 226,841	\$ 243,766	\$ 97,841

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

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

SL Green Realty Corp. Stockholders

	<u>Common Stock</u>				Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total
	Series I Preferred Stock	Shares	Par Value	Additional Paid-In-Capital					
Balance at December 31, 2016	\$ 221,932	100,562	\$1,017	\$5,624,545	\$ (124,049)	\$ 22,137	\$1,578,893	\$ 426,436	\$7,750,911
Net income (loss)							101,374	(15,701)	85,673
Other comprehensive loss						(3,533)			(3,533)
Preferred dividends							(14,950)		(14,950)
DRSPP proceeds		2		223					223
Conversion of units in the Operating Partnership to common stock		202	2	21,572					21,574
Reallocation of noncontrolling interest in the Operating Partnership							5,712		5,712
Equity component of repurchased exchangeable senior notes				(109,776)					(109,776)
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		87	1	29,786					29,787
Repurchases of common stock		(8,342)	(83)	(621,324)			(226,641)		(848,048)
Proceeds from stock options exercised		292	2	23,312					23,314
Contributions to consolidated joint venture interests								36,275	36,275
Deconsolidation of partially owned entity								(30,203)	(30,203)
Cash distributions to noncontrolling interests								(52,446)	(52,446)
Cash distributions declared (\$3.1375 per common share, none of which represented a return of capital for federal income tax purposes)							(305,059)		(305,059)
Balance at December 31, 2017	221,932	92,803	939	4,968,338	(124,049)	18,604	1,139,329	364,361	6,589,454
Cumulative adjustment upon adoption of ASC 610-20							570,524		570,524
Balance at January 1, 2018	221,932	92,803	939	4,968,338	(124,049)	18,604	1,709,853	364,361	7,159,978
Net income (loss)							247,262	(6)	247,256
Other comprehensive loss						(3,496)			(3,496)
Preferred dividends							(14,950)		(14,950)
DRSPP proceeds		1		136					136
Conversion of units in the Operating Partnership to common stock		160	2	16,301					16,303
Reallocation of noncontrolling interest in the Operating Partnership							34,236		34,236
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		149	1	17,483					17,484
Repurchases of common stock		(9,745)	(98)	(522,482)			(415,215)		(937,795)
Proceeds from stock options exercised		316	3	28,909					28,912
Contributions to consolidated joint venture interests								5,459	5,459
Deconsolidation of partially owned entity								(315,116)	(315,116)
Cash distributions to noncontrolling interests								(8,364)	(8,364)

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

SL Green Realty Corp. Stockholders

	<u>Common Stock</u>					Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total
	Series I Preferred Stock	Shares	Par Value	Additional Paid- In-Capital	Treasury Stock				
Cash distributions declared (\$3.2875 per common share, none of which represented a return of capital for federal income tax purposes)							(282,188)		(282,188)
Balance at December 31, 2018	221,932	83,684	847	4,508,685	(124,049)	15,108	1,278,998	46,334	5,947,855
Net income (loss)							270,434	(3,159)	267,275
Acquisition of subsidiary interest from noncontrolling interest				(569)				(25,276)	(25,845)
Other comprehensive loss						(43,593)			(43,593)
Preferred dividends							(14,950)		(14,950)
DRSPP proceeds		4		334					334
Conversion of units in the Operating Partnership to common stock		5		471					471
Reallocation of noncontrolling interest in the Operating Partnership							(34,320)		(34,320)
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		105	2	25,761					25,763
Repurchases of common stock		(4,596)	(46)	(248,287)			(136,066)		(384,399)
Contributions to consolidated joint venture interests								58,462	58,462
Cash distributions to noncontrolling interests								(478)	(478)
Cash distributions declared (\$3.435 per common share, none of which represented a return of capital for federal income tax purposes)							(279,377)		(279,377)
Balance at December 31, 2019	<u>\$ 221,932</u>	<u>79,202</u>	<u>\$ 803</u>	<u>\$4,286,395</u>	<u>\$ (124,049)</u>	<u>\$ (28,485)</u>	<u>\$1,084,719</u>	<u>\$ 75,883</u>	<u>\$5,517,198</u>

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

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

	Year Ended December 31,		
	2019	2018	2017
Operating Activities			
Net income	\$ 291,487	\$ 270,856	\$ 101,069
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	284,011	289,899	418,798
Equity in net loss (income) from unconsolidated joint ventures	34,518	(7,311)	(21,892)
Distributions of cumulative earnings from unconsolidated joint ventures	864	10,277	20,309
Equity in net gain on sale of interest in unconsolidated joint venture interest/real estate	(76,181)	(303,967)	(16,166)
Purchase price and other fair value adjustments	(69,389)	(57,385)	—
Depreciable real estate reserves and impairment	7,047	227,543	178,520
Loss (gain) on sale of real estate, net	16,749	30,757	(73,241)
Loan loss reserves and other investment reserves, net of recoveries	—	6,839	—
Gain on sale of investments in marketable securities	—	—	(3,262)
Loss on early extinguishment of debt	—	17,083	—
Deferred rents receivable	(13,941)	(18,216)	(38,009)
Non-cash lease expense	13,744	2,016	1,020
Other non-cash adjustments	271	2,932	19,621
Changes in operating assets and liabilities:			
Tenant and other receivables	(4,968)	6,968	(5,717)
Related party receivables	7,802	(1,044)	(7,209)
Deferred lease costs	(70,938)	(44,158)	(41,939)
Other assets	(18,630)	(8,310)	(23,068)
Accounts payable, accrued expenses, other liabilities and security deposits	(25,597)	4,410	(12,440)
Deferred revenue	10,824	12,348	46,607
Change in lease liability - operating leases	(11,200)	—	—
Net cash provided by operating activities	<u>376,473</u>	<u>441,537</u>	<u>543,001</u>
Investing Activities			
Acquisitions of real estate property	(262,591)	(60,486)	(28,680)
Additions to land, buildings and improvements	(252,986)	(254,460)	(336,001)
Acquisition deposits and deferred purchase price	(5,239)	—	—
Investments in unconsolidated joint ventures	(128,682)	(400,429)	(389,249)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	79,020	233,118	319,745
Net proceeds from disposition of real estate/joint venture interest	208,302	1,231,004	692,796
Proceeds from sale of marketable securities	—	—	55,129
Other investments	(7,869)	(38,912)	25,330
Origination of debt and preferred equity investments	(607,844)	(731,216)	(1,129,970)
Repayments or redemption of debt and preferred equity investments	1,092,383	703,043	812,914
Net cash provided by investing activities	<u>114,494</u>	<u>681,662</u>	<u>22,014</u>

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

	Year Ended December 31,		
	2019	2018	2017
Financing Activities			
Proceeds from mortgages and other loans payable	\$ 752,984	\$ 564,391	\$ 870,459
Repayments of mortgages and other loans payable	(230,076)	(868,842)	(902,460)
Proceeds from revolving credit facility and senior unsecured notes	1,310,000	3,120,000	2,784,599
Repayments of revolving credit facility and senior unsecured notes	(1,570,000)	(2,560,000)	(2,276,782)
Payment of debt extinguishment costs	—	(13,918)	—
Proceeds from stock options exercised and DRSP issuance	334	29,048	23,537
Repurchase of common stock	(384,399)	(979,541)	(806,302)
Redemption of preferred stock	(18,142)	(1,208)	(275)
Redemption of OP units	(27,495)	(33,972)	—
Distributions to noncontrolling interests in other partnerships	(478)	(8,364)	(52,446)
Contributions from noncontrolling interests in other partnerships	10,239	5,459	36,275
Acquisition of subsidiary interest from noncontrolling interest	(25,845)	—	—
Distributions to noncontrolling interests in the Operating Partnership	(14,729)	(15,000)	(14,266)
Dividends paid on common and preferred stock	(306,386)	(313,230)	(333,543)
Other obligations related to loan participations	—	16	17,227
Tax withholdings related to restricted share awards	(3,495)	(3,842)	(3,879)
Deferred loan costs	(21,162)	(15,109)	(27,100)
Net cash used in financing activities	<u>(528,650)</u>	<u>(1,094,112)</u>	<u>(684,956)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	<u>(37,683)</u>	<u>29,087</u>	<u>(119,941)</u>
Cash, cash equivalents, and restricted cash at beginning of year	<u>279,113</u>	<u>250,026</u>	<u>369,967</u>
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 241,430</u>	<u>\$ 279,113</u>	<u>\$ 250,026</u>

Supplemental cash flow disclosures:

Interest paid	\$ 248,684	\$ 259,776	\$ 273,819
Income taxes paid	\$ 1,489	\$ 1,418	\$ 2,448

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Issuance of units in the operating partnership	—	—	25,723
Conversion of units in the operating partnership	471	16,303	21,574
Redemption of units in the operating partnership for a joint venture sale	—	10,445	—
Exchange of debt investment for real estate or equity in joint venture	34,498	298,956	—
Issuance of preferred units relating to the real estate acquisition	1,000	—	—
Tenant improvements and capital expenditures payable	6,056	—	6,667
Fair value adjustment to noncontrolling interest in the operating partnership	34,320	34,236	5,712
Deconsolidation of a subsidiary ⁽¹⁾	395	298,404	695,204
Transfer of assets to assets held for sale	391,664	—	611,809
Transfer of liabilities related to assets held for sale	—	—	5,364
Removal of fully depreciated commercial real estate properties	19,577	124,249	15,488
Contribution to consolidated joint venture by noncontrolling interest	48,223	—	—
Share repurchase payable	—	—	41,746
Recognition of right of use assets and related lease liabilities	389,120	—	—

(1) \$366.6 million of the 2017 amount relates to 1515 Broadway. In November 2017, the Company sold a 30.13% interest in 1515 Broadway to affiliates of Allianz Real Estate. The sale did not meet the criteria for sale accounting and as a result the property was accounted for under the profit sharing method. The Company achieved sale accounting upon adoption of ASC 610-20 in January 2018 and closed on the sale of an additional 12.87% interest in the property to Allianz in February 2018.

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

In December 2019, 2018 and 2017, the Company declared quarterly distributions per share of \$0.885, \$0.85 and \$0.8125, respectively. These distributions were paid in January 2020, 2019 and 2018, respectively.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	Year Ended		
	2019	2018	2017
Cash and cash equivalents	\$ 166,070	\$ 129,475	\$ 127,888
Restricted cash	75,360	149,638	122,138
Total cash, cash equivalents, and restricted cash	\$ 241,430	\$ 279,113	\$ 250,026

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

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

	December 31, 2019	December 31, 2018
<u>Assets</u>		
Commercial real estate properties, at cost:		
Land and land interests	\$ 1,751,544	\$ 1,774,899
Building and improvements	5,154,990	5,268,484
Building leasehold and improvements	1,433,793	1,423,107
Right of use asset - financing leases	47,445	47,445
Right of use asset - operating leases	396,795	—
	8,784,567	8,513,935
Less: accumulated depreciation	(2,060,560)	(2,099,137)
	6,724,007	6,414,798
Assets held for sale	391,664	—
Cash and cash equivalents	166,070	129,475
Restricted cash	75,360	149,638
Investments in marketable securities	29,887	28,638
Tenant and other receivables, net of allowance of \$12,369 and \$15,702 in 2019 and 2018, respectively	43,968	41,589
Related party receivables	21,121	28,033
Deferred rents receivable, net of allowance of \$12,477 and \$15,457 in 2019 and 2018, respectively	283,011	335,985
Debt and preferred equity investments, net of discounts and deferred origination fees of \$14,562 and \$22,379 and allowances of \$1,750 and \$5,750 in 2019 and 2018, respectively	1,580,306	2,099,393
Investments in unconsolidated joint ventures	2,912,842	3,019,020
Deferred costs, net	205,283	209,110
Other assets	332,801	295,679
Total assets ⁽¹⁾	\$ 12,766,320	\$ 12,751,358
<u>Liabilities</u>		
Mortgages and other loans payable, net	\$ 2,183,253	\$ 1,961,240
Revolving credit facility, net	234,013	492,196
Unsecured term loans, net	1,494,024	1,493,051
Unsecured notes, net	1,496,847	1,495,214
Accrued interest payable	22,148	23,154
Other liabilities	177,080	116,566
Accounts payable and accrued expenses	166,905	147,060
Deferred revenue	114,052	94,453
Lease liability - financing leases	44,448	43,616
Lease liability - operating leases	381,671	3,603
Dividend and distributions payable	79,282	80,430
Security deposits	62,252	64,688
Liabilities related to assets held for sale	—	—
Junior subordinated deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
Total liabilities ⁽¹⁾	6,555,975	6,115,271
Commitments and contingencies		
Limited partner interests in SLGOP (4,196 and 4,131 limited partner common units outstanding at December 31, 2019 and 2018, respectively)	409,862	387,805
Preferred units	283,285	300,427

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

	December 31, 2019	December 31, 2018
Capital		
SLGOP partners' capital:		
Series I Preferred Units, \$25.00 liquidation preference, 9,200 issued and outstanding at both December 31, 2019 and 2018	221,932	221,932
SL Green partners' capital (834 and 878 general partner common units, and 78,368 and 82,806 limited partner common units outstanding at December 31, 2019 and 2018, respectively)	5,247,868	5,664,481
Accumulated other comprehensive (loss) income	(28,485)	15,108
Total SLGOP partners' capital	5,441,315	5,901,521
Noncontrolling interests in other partnerships	75,883	46,334
Total capital	5,517,198	5,947,855
Total liabilities and capital	\$ 12,766,320	\$ 12,751,358

⁽¹⁾ The Operating Partnership's consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs"). See Note 2. The consolidated balance sheets include the following amounts related to our consolidated VIEs, excluding the Operating Partnership: \$205.2 million and \$110.0 million of land, \$481.9 million and \$346.7 million of building and improvements, \$2.0 million and \$2.0 million of building and leasehold improvements, \$61.7 million and \$47.4 million of right of use assets, \$17.6 million and \$42.2 million of accumulated depreciation, \$169.5 million and \$112.6 million of other assets included in other line items, \$457.1 million and \$140.8 million of real estate debt, net, \$1.2 million and \$0.4 million of accrued interest payable, \$57.7 million and \$43.6 million of lease liabilities, and \$43.7 million and \$18.3 million of other liabilities included in other line items as of December 31, 2019 and December 31, 2018, respectively.

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

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

	Year Ended December 31,		
	2019	2018	2017
Revenues			
Rental revenue, net	\$ 983,557	\$ 978,574	\$ 1,273,932
Investment income	195,590	201,492	193,871
Other income	59,848	47,326	43,670
Total revenues	<u>1,238,995</u>	<u>1,227,392</u>	<u>1,511,473</u>
Expenses			
Operating expenses, including \$18,106 in 2019, \$17,823 in 2018, \$21,400 in 2017 of related party expenses	234,676	229,347	293,364
Real estate taxes	190,764	186,351	244,323
Operating lease rent	33,188	32,965	33,231
Interest expense, net of interest income	190,521	208,669	257,045
Amortization of deferred financing costs	11,653	12,408	16,498
Depreciation and amortization	272,358	279,507	403,320
Loan loss and other investment reserves, net of recoveries	—	6,839	—
Transaction related costs	729	1,099	(1,834)
Marketing, general and administrative	100,875	92,631	100,498
Total expenses	<u>1,034,764</u>	<u>1,049,816</u>	<u>1,346,445</u>
Equity in net (loss) income from unconsolidated joint ventures	(34,518)	7,311	21,892
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	76,181	303,967	16,166
Purchase price and other fair value adjustment	69,389	57,385	—
(Loss) gain on sale of real estate, net	(16,749)	(30,757)	73,241
Depreciable real estate reserves and impairment	(7,047)	(227,543)	(178,520)
Gain on sale of investment in marketable securities	—	—	3,262
Loss on early extinguishment of debt	—	(17,083)	—
Net income	<u>291,487</u>	<u>270,856</u>	<u>101,069</u>
Net loss attributable to noncontrolling interests in other partnerships	3,159	6	15,701
Preferred unit distributions	(10,911)	(11,384)	(11,401)
Net income attributable to SLGOP	<u>283,735</u>	<u>259,478</u>	<u>105,369</u>
Perpetual preferred stock dividends	(14,950)	(14,950)	(14,950)
Net income attributable to SLGOP common unitholders	<u>\$ 268,785</u>	<u>\$ 244,528</u>	<u>\$ 90,419</u>
Basic earnings per unit:	\$ 3.10	\$ 2.67	\$ 0.87
Diluted earnings per unit:	\$ 3.10	\$ 2.67	\$ 0.87
Basic weighted average common units outstanding	86,008	91,315	103,127
Diluted weighted average common units and common unit equivalents outstanding	86,562	91,530	103,403

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

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

	Year Ended December 31,		
	2019	2018	2017
Net income	\$ 291,487	\$ 270,856	\$ 101,069
Other comprehensive (loss) income:			
(Decrease) increase in unrealized value of derivative instruments, including SLGOP's share of joint venture derivative instruments	(47,118)	(3,622)	1,040
Increase (decrease) in unrealized value of marketable securities	1,249	60	(4,667)
Other comprehensive loss	(45,869)	(3,562)	(3,627)
Comprehensive income	245,618	267,294	97,442
Net loss attributable to noncontrolling interests	3,159	6	15,701
Other comprehensive loss attributable to noncontrolling interests	2,276	66	94
Comprehensive income attributable to SLGOP	\$ 251,053	\$ 267,366	\$ 113,237

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

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

	SL Green Operating Partnership Unitholders					Total	
	Partners' Interest			Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests		
	Series I Preferred Units	Common Units	Common Unitholders				
Balance at December 31, 2016	\$ 221,932	100,562	\$ 7,080,406	\$ 22,137	\$ 426,436	\$ 7,750,911	
Net income			101,374		(15,701)	85,673	
Other comprehensive income				(3,533)		(3,533)	
Preferred dividends			(14,950)			(14,950)	
DRSPP proceeds		2	223			223	
Conversion of common units		202	21,574			21,574	
Reallocation of noncontrolling interests in the operating partnership			5,712			5,712	
Equity component of repurchased exchangeable senior notes			(109,776)			(109,776)	
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		87	29,787			29,787	
Repurchases of common units		(8,342)	(848,048)			(848,048)	
Proceeds from stock options exercised		292	23,314			23,314	
Contributions to consolidated joint venture interests					36,275	36,275	
Deconsolidation of partially owned entity					(30,203)	(30,203)	
Cash distributions to noncontrolling interests					(52,446)	(52,446)	
Cash distributions declared (\$3.1375 per common unit, none of which represented a return of capital for federal income tax purposes)			(305,059)			(305,059)	
Balance at December 31, 2017	<u>221,932</u>	<u>92,803</u>	<u>5,984,557</u>	<u>18,604</u>	<u>364,361</u>	<u>6,589,454</u>	
Cumulative adjustment upon adoption of ASC 610-20			570,524			570,524	
Balance at January 1, 2018	<u>221,932</u>	<u>92,803</u>	<u>6,555,081</u>	<u>18,604</u>	<u>364,361</u>	<u>7,159,978</u>	
Net income (loss)			247,262		(6)	247,256	
Other comprehensive loss				(3,496)		(3,496)	
Preferred dividends			(14,950)			(14,950)	
DRSPP proceeds		1	136			136	
Conversion of common units		160	16,303			16,303	
Reallocation of noncontrolling interests in the operating partnership			34,236			34,236	
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		149	17,484			17,484	
Repurchases of common units		(9,745)	(937,795)			(937,795)	
Proceeds from stock options exercised		316	\$ 28,912			28,912	
Contributions to consolidated joint venture interests					5,459	5,459	
Deconsolidation of partially owned entity					(315,116)	(315,116)	
Cash distributions to noncontrolling interests					(8,364)	(8,364)	
Cash distributions declared (\$3.2875 per common unit, none of which represented a return of capital for federal income tax purposes)			(282,188)			(282,188)	
Balance at December 31, 2018	<u>221,932</u>	<u>83,684</u>	<u>5,664,481</u>	<u>15,108</u>	<u>46,334</u>	<u>5,947,855</u>	
Net income (loss)			270,434		(3,159)	267,275	
Acquisition of subsidiary interest from noncontrolling interest			(569)		(25,276)	(25,845)	
Other comprehensive loss				(43,593)		(43,593)	
Preferred dividends			(14,950)			(14,950)	
DRSPP proceeds		4	334			334	
Conversion of common units		5	471			471	
Reallocation of noncontrolling interest in the Operating Partnership			(34,320)			(34,320)	
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		105	25,763			25,763	
Repurchases of common units		(4,596)	(384,399)			(384,399)	
Contributions to consolidated joint venture interests					58,462	58,462	
Cash distributions to noncontrolling interests					(478)	(478)	
Cash distributions declared (\$3.435 per common unit, none of which represented a return of capital for federal income tax purposes)			(279,377)			(279,377)	
Balance at December 31, 2019	<u>\$ 221,932</u>	<u>79,202</u>	<u>\$ 5,247,868</u>	<u>\$ (28,485)</u>	<u>\$ 75,883</u>	<u>\$ 5,517,198</u>	

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

	Year Ended December 31,		
	2019	2018	2017
Operating Activities			
Net income	\$ 291,487	\$ 270,856	\$ 101,069
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	284,011	289,899	418,798
Equity in net loss (income) from unconsolidated joint ventures	34,518	(7,311)	(21,892)
Distributions of cumulative earnings from unconsolidated joint ventures	864	10,277	20,309
Equity in net gain on sale of interest in unconsolidated joint venture interest/real estate	(76,181)	(303,967)	(16,166)
Purchase price and other fair value adjustments	(69,389)	(57,385)	—
Depreciable real estate reserves and impairment	7,047	227,543	178,520
Loss (gain) on sale of real estate, net	16,749	30,757	(73,241)
Loan loss reserves and other investment reserves, net of recoveries	—	6,839	—
Gain on sale of investments in marketable securities	—	—	(3,262)
Loss on early extinguishment of debt	—	17,083	—
Deferred rents receivable	(13,941)	(18,216)	(38,009)
Non-cash lease expense	13,744	2,016	1,020
Other non-cash adjustments	271	2,932	19,621
Changes in operating assets and liabilities:			
Tenant and other receivables	(4,968)	6,968	(5,717)
Related party receivables	7,802	(1,044)	(7,209)
Deferred lease costs	(70,938)	(44,158)	(41,939)
Other assets	(18,630)	(8,310)	(23,068)
Accounts payable, accrued expenses and other liabilities and security deposits	(25,597)	4,410	(12,440)
Deferred revenue	10,824	12,348	46,607
Change in lease liability - operating leases	(11,200)	—	—
Net cash provided by operating activities	<u>376,473</u>	<u>441,537</u>	<u>543,001</u>
Investing Activities			
Acquisitions of real estate property	(262,591)	(60,486)	(28,680)
Additions to land, buildings and improvements	(252,986)	(254,460)	(336,001)
Acquisition deposits and deferred purchase price	(5,239)	—	—
Investments in unconsolidated joint ventures	(128,682)	(400,429)	(389,249)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	79,020	233,118	319,745
Net proceeds from disposition of real estate/joint venture interest	208,302	1,231,004	692,796
Proceeds from sale of marketable securities	—	—	55,129
Other investments	(7,869)	(38,912)	25,330
Origination of debt and preferred equity investments	(607,844)	(731,216)	(1,129,970)
Repayments or redemption of debt and preferred equity investments	1,092,383	703,043	812,914
Net cash provided by investing activities	<u>114,494</u>	<u>681,662</u>	<u>22,014</u>

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

	Year Ended December 31,		
	2019	2018	2017
Financing Activities			
Proceeds from mortgages and other loans payable	\$ 752,984	\$ 564,391	\$ 870,459
Repayments of mortgages and other loans payable	(230,076)	(868,842)	(902,460)
Proceeds from revolving credit facility and senior unsecured notes	1,310,000	3,120,000	2,784,599
Repayments of revolving credit facility and senior unsecured notes	(1,570,000)	(2,560,000)	(2,276,782)
Payment of debt extinguishment costs	—	(13,918)	—
Proceeds from stock options exercised and DRSPF issuance	334	29,048	23,537
Repurchase of common units	(384,399)	(979,541)	(806,302)
Redemption of preferred units	(18,142)	(1,208)	(275)
Redemption of OP units	(27,495)	(33,972)	—
Distributions to noncontrolling interests in other partnerships	(478)	(8,364)	(52,446)
Contributions from noncontrolling interests in other partnerships	10,239	5,459	36,275
Acquisition of subsidiary interest from noncontrolling interest	(25,845)	—	—
Distributions paid on common and preferred units	(321,115)	(328,230)	(347,809)
Other obligations related to mortgage loan participations	—	16	17,227
Tax withholdings related to restricted share awards	(3,495)	(3,842)	(3,879)
Deferred loan costs	(21,162)	(15,109)	(27,100)
Net cash used in financing activities	<u>(528,650)</u>	<u>(1,094,112)</u>	<u>(684,956)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	<u>(37,683)</u>	<u>29,087</u>	<u>(119,941)</u>
Cash, cash equivalents, and restricted cash at beginning of year	<u>279,113</u>	<u>250,026</u>	<u>369,967</u>
Cash, cash equivalents, and restricted cash at end of period	<u><u>\$ 241,430</u></u>	<u><u>\$ 279,113</u></u>	<u><u>\$ 250,026</u></u>

Supplemental cash flow disclosures:

Interest paid	\$ 248,684	\$ 259,776	\$ 273,819
Income taxes paid	\$ 1,489	\$ 1,418	\$ 2,448

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Issuance of units in the operating partnership	—	—	25,723
Conversion of units in the operating partnership	471	16,303	21,574
Redemption of units in the operating partnership for a joint venture sale	—	10,445	—
Exchange of debt investment for real estate or equity in joint venture	34,498	298,956	—
Issuance of preferred units relating to the real estate acquisition	1,000	—	—
Tenant improvements and capital expenditures payable	6,056	—	6,667
Fair value adjustment to noncontrolling interest in the operating partnership	34,320	34,236	5,712
Deconsolidation of a subsidiary ⁽¹⁾	395	298,404	695,204
Transfer of assets to assets held for sale	391,664	—	611,809
Transfer of liabilities related to assets held for sale	—	—	5,364
Removal of fully depreciated commercial real estate properties	19,577	124,249	15,488
Contribution to consolidated joint venture by noncontrolling interest	48,223	—	—
Share repurchase payable	—	—	41,746
Recognition of right of use assets and related lease liabilities	389,120	—	—

(1) \$366.6 million of the 2017 amount relates to 1515 Broadway. In November 2017, the Company sold a 30.13% interest in 1515 Broadway to affiliates of Allianz Real Estate. The sale did not meet the criteria for sale accounting and as a result the property was accounted for under the profit sharing method. The Company achieved sale accounting upon adoption of ASC 610-20 in January 2018 and closed on the sale of an additional 12.87% interest in the property to Allianz in February 2018.

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

In December 2019, 2018 and 2017, SLGOP declared quarterly distributions per common unit of \$0.885, \$0.85 and \$0.8125, respectively. These distributions were paid in January 2020, 2019 and 2018, respectively.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	Year Ended		
	2019	2018	2017
Cash and cash equivalents	\$ 166,070	\$ 129,475	\$ 127,888
Restricted cash	75,360	149,638	122,138
Total cash, cash equivalents, and restricted cash	\$ 241,430	\$ 279,113	\$ 250,026

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

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements
December 31, 2019

1. Organization and Basis of Presentation

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

Substantially all of our assets are held by, and all of our operations are conducted through, the Operating Partnership. The Company is the sole managing general partner of the Operating Partnership. As of December 31, 2019, noncontrolling investors held, in the aggregate, a 5.03% limited partnership interest in the Operating Partnership. We refer to these interests as the noncontrolling interests in the Operating Partnership. The Operating Partnership is considered a variable interest entity, or VIE, in which we are the primary beneficiary. See Note 11, "Noncontrolling Interests on the Company's Consolidated Financial Statements."

As of December 31, 2019, we owned the following interests in properties in the New York metropolitan area, primarily in midtown Manhattan. Our investments located outside of Manhattan are referred to as the Suburban properties:

Location	Property Type	Consolidated		Unconsolidated		Total		Weighted Average Occupancy ⁽¹⁾ (unaudited)
		Number of Properties	Approximate Square Feet (unaudited)	Number of Properties	Approximate Square Feet (unaudited)	Number of Properties	Approximate Square Feet (unaudited)	
Commercial:								
Manhattan	Office	20	12,387,091	10	11,216,183	30	23,603,274	94.5%
	Retail	6 ⁽²⁾	320,430	8	289,050	14	609,480	98.4%
	Development/ Redevelopment ⁽³⁾	6	189,538	1	—	7	189,538	84.9%
	Fee Interest	—	—	1	—	1	—	—%
		<u>32</u>	<u>12,897,059</u>	<u>20</u>	<u>11,505,233</u>	<u>52</u>	<u>24,402,292</u>	<u>94.6%</u>
Suburban	Office	8	1,044,800	—	—	8	1,044,800	85.7%
	Retail	1	52,000	—	—	1	52,000	100.0%
		<u>9</u>	<u>1,096,800</u>	<u>—</u>	<u>—</u>	<u>9</u>	<u>1,096,800</u>	<u>86.4%</u>
Total commercial properties		<u>41</u>	<u>13,993,859</u>	<u>20</u>	<u>11,505,233</u>	<u>61</u>	<u>25,499,092</u>	<u>94.2%</u>
Residential:								
Manhattan	Residential	2 ⁽²⁾	445,105	8	1,663,774	10	2,108,879	95.7%
Total residential properties		<u>2</u>	<u>445,105</u>	<u>8</u>	<u>1,663,774</u>	<u>10</u>	<u>2,108,879</u>	<u>95.7%</u>
Total portfolio		<u>43</u>	<u>14,438,964</u>	<u>28</u>	<u>13,169,007</u>	<u>71</u>	<u>27,607,971</u>	<u>94.3%</u>

- (1) The weighted average occupancy for commercial properties represents the total occupied square footage divided by the total square footage at acquisition. The weighted average occupancy for residential properties represents the total occupied units divided by the total available units.
- (2) As of December 31, 2019, we owned a building at 315 West 33rd Street, also known as The Olivia, that was comprised of approximately 270,132 square feet (unaudited) of retail space and approximately 222,855 square feet (unaudited) of residential space. For the purpose of this report, we have included this building in the number of retail properties we own. However, we have included only the retail square footage in the retail approximate square footage, and have listed the balance of the square footage as residential square footage.
- (3) Properties in Development are included in Number of Properties with no Approximate Square Feet.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

As of December 31, 2019, we also managed two office buildings owned by third parties encompassing approximately 2.1 million square feet (unaudited) and held debt and preferred equity investments with a book value of \$1.7 billion, including \$0.1 billion of debt and preferred equity investments and other financing receivables that are included in balance sheet line items other than the Debt and Preferred Equity Investments line item.

Partnership Agreement

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

Subsequent Event

In February 2020, The Company entered into contract to sell 315 West 33rd Street and an adjacent undeveloped parcel of land for a gross asset valuation of \$446.5 million. This transaction is expected to close in the second quarter of 2020. At December 31, 2019, we determined that the held for sale criteria was not met for this property as it was not probable that the sale of the asset would be completed within one year.

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. See Note 5, "Debt and Preferred Equity Investments" and Note 6, "Investments in Unconsolidated Joint Ventures." All significant intercompany balances and transactions have been eliminated.

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

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

Investment in Commercial Real Estate Properties

Real estate properties are presented at cost less accumulated depreciation and amortization. Costs directly related to the development or redevelopment of properties are capitalized. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

We recognize the assets acquired, liabilities assumed (including contingencies) and any noncontrolling interests in an acquired entity at their respective fair values on the acquisition date. When we acquire our partner's equity interest in an existing unconsolidated joint venture and gain control over the investment, we record the consolidated investment at fair value. The difference between the book value of our equity investment on the purchase date and our share of the fair value of the investment's purchase price is recorded as a purchase price fair value adjustment in our consolidated statements of operations. See Note 3, "Property Acquisitions."

We allocate the purchase price of real estate to land and building (inclusive of tenant improvements) and, if determined to be material, intangibles, such as the value of above- and below-market leases and origination costs associated with the in-place leases. We depreciate the amount allocated to building (inclusive of tenant improvements) over their estimated useful lives, which generally range from three to 40 years. We amortize the amount allocated to the above- and below-market leases over the remaining term of the associated lease, which generally range from one to 14 years, and record it as either an increase (in the case of below-market leases) or a decrease (in the case of above-market leases) to rental income. We amortize the amount allocated to the values associated with in-place leases over the expected term of the associated lease, which generally ranges from one to 14 years. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off. The tenant improvements and origination costs are amortized as an expense over the remaining life of the lease (or charged against earnings if the lease is terminated prior to its contractual expiration date). We assess fair value of the leases based on estimated cash flow projections that utilize appropriate discount and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property. To the extent acquired leases contain fixed rate renewal options that are below-market and determined to be material, we amortize such below-market lease value into rental income over the renewal period. As of December 31, 2019, the weighted average amortization period for above-market leases, below-market leases, and in-place lease costs is 1.7 years, 2.8 years, and 3.5 years, respectively.

The Company classifies those leases under which the Company is the lessee at lease commencement as finance or operating leases. Leases qualify as finance leases if the lease transfers ownership of the asset at the end of the lease term, the lease grants an option to purchase the asset that we are reasonably certain to exercise, the lease term is for a major part of the remaining economic life of the asset, or the present value of the lease payments exceeds substantially all of the fair value of the asset. Leases that do not qualify as finance leases are deemed to be operating leases. At lease commencement the Company records a lease liability which is measured as the present value of the lease payments and a right of use asset which is measured as the amount of the lease liability and any initial direct costs incurred. The Company applies a discount rate to determine the present value of the lease payments. If the rate implicit in the lease is known, the Company uses that rate. If the rate implicit in the lease is not known, the Company uses a discount rate reflective of the Company's collateralized borrowing rate given the term of the lease. To determine the discount rate, the Company employs a third party specialist to develop an analysis based primarily on the observable borrowing rates of the Company, other REITs, and other corporate borrowers with long-term borrowings. On the consolidated statements of operations, operating leases are expensed through operating lease rent while financing leases are expensed through amortization and interest expense. On the consolidated balance sheet, financing leases include the amounts previously captioned "Properties under capital lease." When applicable, the Company combines the consideration for lease and non-lease components in the calculation of the value of the lease obligation and right-of-use asset.

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

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

Properties other than Right of use assets - operating leases are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Category	Term
Building (fee ownership)	40 years
Building improvements	shorter of remaining life of the building or useful life
Building (leasehold interest)	lesser of 40 years or remaining term of the lease
Right of use assets - financing leases	lesser of 40 years or remaining lease term
Furniture and fixtures	four to seven years
Tenant improvements	shorter of remaining term of the lease or useful life

Right of use assets - operating leases are amortized over the remaining lease term. The amortization is made up of the principal amortization under the lease liability plus or minus the straight line adjustment of the operating lease rent under ASC 840.

Depreciation expense (including amortization of right of use assets - financing leases) totaled \$233.5 million, \$242.8 million, and \$365.3 million for the years ended December 31, 2019, 2018 and 2017, respectively.

On a periodic basis, we assess whether there are any indications that the value of our real estate properties may be impaired or that their carrying value may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted) 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 impairment when a property has been classified as held for sale. Real estate assets held for sale are valued at the lower of their carrying value or fair value less costs to sell and depreciation expense is no longer recorded.

We recognized \$4.5 million, \$6.8 million, and \$20.3 million of rental revenue for the years ended December 31, 2019, 2018, and 2017, respectively, for the amortization of aggregate below-market leases in excess of above-market leases, resulting from the allocation of the purchase price of the applicable properties.

We recognized no reduction to interest expense from the amortization of above-market rate mortgages assumed for the years ended December 31, 2019 and 2018. We recognized \$0.8 million as a reduction to interest expense from the amortization of above-market rate mortgages for the year ended December 31, 2017.

The following summarizes our identified intangible assets (acquired above-market leases and in-place leases) and intangible liabilities (acquired below-market leases) as of December 31, 2019 and 2018 (in thousands):

	December 31,	
	2019	2018
Identified intangible assets (included in other assets):		
Gross amount	\$ 255,198	\$ 266,540
Accumulated amortization	(228,223)	(241,040)
Net ⁽¹⁾	<u>\$ 26,975</u>	<u>\$ 25,500</u>
Identified intangible liabilities (included in deferred revenue):		
Gross amount	\$ 282,048	\$ 276,245
Accumulated amortization	(249,514)	(253,767)
Net ⁽¹⁾	<u>\$ 32,534</u>	<u>\$ 22,478</u>

(1) As of December 31, 2019, no net intangible assets and no net intangible liabilities were reclassified to assets held for sale and liabilities related to assets held for sale. As of December 31, 2018, no net intangible assets and no net intangible liabilities were reclassified to assets held for sale and liabilities related to assets held for sale.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

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

2020	\$ (4,320)
2021	(2,748)
2022	(2,224)
2023	(1,301)
2024	(834)

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

2020	\$ 5,183
2021	3,638
2022	2,064
2023	1,435
2024	1,040

Cash and Cash Equivalents

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

Restricted Cash

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

Fair Value Measurements

See Note 16, "Fair Value Measurements."

Investment in Marketable Securities

At acquisition, we designate a security as held-to-maturity, available-for-sale, or trading. As of December 31, 2019, we did not have any securities designated as held-to-maturity or trading. We account for our available-for-sale securities at fair value pursuant to Accounting Standards Codification, or ASC, 820-10, with the net unrealized gains or losses reported as a component of accumulated other comprehensive income or loss. The cost of marketable securities sold and the amount reclassified out of accumulated other comprehensive income into earnings is determined using the specific identification method. Any unrealized losses that are determined to be other-than-temporary are recognized in earnings up to their credit component.

At December 31, 2019 and 2018, we held the following marketable securities (in thousands):

	December 31,	
	2019	2018
Commercial mortgage-backed securities	\$ 29,887	\$ 28,638
Total marketable securities available-for-sale	\$ 29,887	\$ 28,638

The cost basis of the commercial mortgage-backed securities was \$27.5 million at both December 31, 2019 and 2018. These securities mature at various times through 2035. We held no equity marketable securities at December 31, 2019 and 2018.

During the years ended December 31, 2019 and 2018, we did not dispose of any marketable securities.

During the year ended December 31, 2017, we disposed of marketable securities for aggregate net proceeds of \$55.1 million and realized a gain of \$3.3 million, which is included in gain on sale of investment in marketable securities on the consolidated statements of operations.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

Investments in Unconsolidated Joint Ventures

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

We assess our investments in unconsolidated joint ventures for recoverability, and if it is determined that a loss in value of the investment is other than temporary, we write down the investment to its fair value. We evaluate our equity investments for impairment based on the joint ventures' projected discounted cash flows. We do not believe that the values of any of our equity investments were impaired at December 31, 2019.

We may originate loans for real estate acquisition, development and construction ("ADC loans"), 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 the accounting for our debt and preferred equity investments.

Deferred Lease Costs

Deferred lease costs consist of incremental fees and direct costs that would not have been incurred if the lease had not been obtained and are amortized on a straight-line basis over the related lease term. Certain of our employees provide leasing services to the wholly-owned properties. For the years ended December 31, 2019, 2018 and 2017, \$6.3 million, \$15.7 million, and \$16.4 million of their compensation, respectively, was capitalized and is amortized over an estimated average lease term of eight years.

Deferred Financing Costs

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

Revenue Recognition

Rental revenue for operating leases is recognized on a straight-line basis over the term of the lease. Rental revenue recognition commences when the leased space is 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 of tenant improvements, rental revenue recognition begins when the tenant takes possession of or controls the space.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

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.

In addition to base rent, our tenants also generally will pay variable rent which represents 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.

Rental revenue is recognized if collectability is probable. If collectability of substantially all of the lease payments is assessed as not probable, any difference between the rental revenue recognized to date and the lease payments that have been collected is recognized as a current-period adjustment to rental revenue. A subsequent change in the assessment of collectability to probable may result in a current-period adjustment to rental revenue for any difference between the rental revenue that would have been recognized if collectability had always been assessed as probable and the rental revenue recognized to date.

The Company provides its tenants with certain customary services for lease contracts such as common area maintenance and general security. We have elected to combine the nonlease components with the lease components of our operating lease agreements and account for them as a single lease component in accordance with ASC 842.

We record a gain or loss on sale of real estate assets when we no longer hold a controlling financial interest in the entity holding the real estate, a contract exists with a third party and that third party has control of the assets acquired.

Investment income on debt and preferred equity investments is accrued based on the contractual terms of the instruments and when, in the opinion of management, it is deemed collectible. Some debt and preferred equity investments provide for accrual of interest at specified rates, which differ from current payment terms. Interest is recognized on such loans at the accrual rate subject to management's determination that accrued interest is collectible. If management cannot make this determination, interest income above the current pay rate is recognized only upon actual receipt.

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

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

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
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We may syndicate a portion of the loans that we originate or sell the loans individually. When a transaction meets the criteria for sale accounting, we recognize gain or loss based on the difference between the sales price and the carrying value of the loan sold. Any related unamortized deferred origination fees, original issue discounts, loan origination costs, discounts or premiums at the time of sale are recognized as an adjustment to the gain or loss on sale, which is included in investment income on the consolidated statement of operations. Any fees received at the time of sale or syndication are recognized as part of investment income.

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

Allowance for Loan Loss and Other Investment Reserves

The expense for loan loss and other investment reserves in connection with debt and preferred equity investments is the charge to earnings to adjust the allowance for possible losses to the level that we estimate to be adequate, based on Level 3 data, considering delinquencies, loss experience and collateral quality.

The Company evaluates debt and preferred equity investments that are classified as held to maturity for possible impairment or credit deterioration associated with the performance and/or value of the underlying collateral property as well as the financial and operating capability of the borrower/sponsor. Quarterly, the Company assigns each loan a risk rating. Based on a 3-point scale, loans are rated "1" through "3," from less risk to greater risk, which ratings are defined as follows: 1 - Low Risk Assets - Low probability of loss, 2 - Watch List Assets - Higher potential for loss, 3 - High Risk Assets - Loss more likely than not.

When it is probable that we will be unable to collect all amounts contractually due, the investment is considered impaired. A valuation allowance is measured based upon the excess of the carrying value of the investment over the fair value of the collateral. Any deficiency between the carrying value of an asset and the calculated value of the collateral is charged to expense. We continue to assess or adjust our estimates based on circumstances of a loan and the underlying collateral. If additional information reflects increased recovery of our investment, we will adjust our reserves accordingly.

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

Rent Expense

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

Underwriting Commissions and Costs

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

Exchangeable Debt Instruments

The initial proceeds from exchangeable debt that may be settled in cash, including partial cash settlements, are bifurcated between a liability component and an equity component associated with the embedded conversion option. The objective of the accounting guidance is to require the liability and equity components of exchangeable debt to be separately accounted for in a manner such that the interest expense on the exchangeable debt is not recorded at the stated rate of interest but rather at an effective rate that reflects the issuer's conventional debt borrowing rate at the date of issuance. We calculate the liability component of exchangeable debt based on the present value of the contractual cash flows discounted at our comparable market conventional debt borrowing rate at the date of issuance. The difference between the principal amount and the fair value of the liability component is reported as a discount on the exchangeable debt that is accreted as additional interest expense from the issuance date through the contractual maturity date using the effective interest method. A portion of this additional interest expense may be capitalized to the development and redevelopment balances qualifying for interest capitalization each period. The liability component of the exchangeable debt is reported net of discounts on our consolidated balance sheets. We calculate the equity component of exchangeable debt based on the difference between the initial proceeds received from the issuance of the exchangeable debt and the fair value of the liability component at the issuance date. The equity component is included in additional paid-in-capital, net

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of issuance costs, on our consolidated balance sheets. We allocate issuance costs for exchangeable debt between the liability and the equity components based on their relative values.

Transaction Costs

Transaction costs for asset acquisitions are capitalized to the investment basis, which is then subject to a purchase price allocation based on relative fair value. Transaction costs for business combinations or costs incurred on potential transactions that are not consummated are expensed as incurred.

Income Taxes

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

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

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

During the years ended December 31, 2019, 2018 and 2017, we recorded Federal, state and local tax provisions of \$1.5 million, \$2.8 million, and \$4.3 million, respectively. For the year ended December 31, 2019, the Company paid distributions on its common stock of \$3.40 per share which represented \$2.59 per share of ordinary income and \$0.81 per share of capital gains. For the year ended December 31, 2018, the Company paid distributions on its common stock of \$3.25 per share which represented \$1.46 per share of ordinary income, and \$1.79 per share of capital gains. For the year ended December 31, 2017, the Company paid distributions on its common stock of \$3.10 per share which represented \$1.24 per share of ordinary income and \$1.86 per share of capital gains.

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

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was signed into law and made substantial changes to the Code. The Tax Act did not have a material impact on our financial statements for the years ended December 31, 2019 or December 31, 2018.

Stock-Based Employee Compensation Plans

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

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

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

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For share-based awards with a performance or market measure, we recognize compensation cost over the requisite service period, using the accelerated attribution expense method. The requisite service period begins on the date the compensation committee of our board of directors authorizes the award, adopts any relevant performance measures and communicates the award to the employees. For programs with awards that vest based on the achievement of a performance condition or market condition, we determine whether it is probable that the performance condition will be met, and estimate compensation cost based on the fair value of the award at the applicable award date estimated using a binomial model or market quotes. For share-based awards for which there is no pre-established performance measure, we recognize compensation cost over the service vesting period, which represents the requisite service period, on a straight-line basis. In accordance with the provisions of our share-based incentive compensation plans, we accept the return of shares of the Company's common stock, at the current quoted market price, from certain key employees to satisfy minimum statutory tax-withholding requirements related to shares that vested during the period.

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

Derivative Instruments

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

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

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

We use a variety of conventional derivative products. These derivatives typically include interest rate swaps, caps, collars and floors. We expressly prohibit the use of unconventional derivative instruments and using derivative instruments for trading or speculative purposes. Further, we have a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors.

We may employ swaps, forwards or purchased options to hedge qualifying forecasted transactions. Gains and losses related to these transactions are deferred and recognized in net income as interest expense in the same period or periods that the underlying transaction occurs, expires or is otherwise terminated.

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

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Earnings per Share of the Company

The Company presents both basic and diluted earnings per share, or EPS, using the two-class method, which is an earnings allocation formula that determines EPS for common stock and any participating securities according to dividends declared (whether paid or unpaid). Under the two-class method, basic EPS is computed by dividing the income available to common stockholders by the weighted-average number of common stock shares outstanding for the period. Basic EPS includes participating securities, consisting of unvested restricted stock that receive nonforfeitable dividends similar to shares of common stock. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS amount. Diluted EPS also includes units of limited partnership interest. The dilutive effect of stock options is reflected in the weighted average diluted outstanding shares calculation by application of the treasury stock method. There was no dilutive effect for the exchangeable senior notes as the conversion premium was to be paid in cash.

Earnings per Unit of the Operating Partnership

The Operating Partnership presents both basic and diluted earnings per unit, or EPU, using the two-class method, which is an earnings allocation formula that determines EPU for common units and any participating securities according to dividends declared (whether paid or unpaid). Under the two-class method, basic EPU is computed by dividing the income available to common unitholders by the weighted-average number of common units outstanding for the period. Basic EPU includes participating securities, consisting of unvested restricted units that receive nonforfeitable dividends similar to shares of common units. Diluted EPU reflects the potential dilution that could occur if securities or other contracts to issue common units were exercised or converted into common units, where such exercise or conversion would result in a lower EPU amount. The dilutive effect of unit options is reflected in the weighted average diluted outstanding units calculation by application of the treasury stock method. There was no dilutive effect for the exchangeable senior notes as the conversion premium was to be paid in cash.

Use of Estimates

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

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash investments, debt and preferred equity investments and accounts receivable. We place our cash investments with high quality financial institutions. The collateral securing our debt and preferred equity investments is located in the New York metropolitan area. See Note 5, "Debt and Preferred Equity Investments."

We perform ongoing credit evaluations of our tenants and require most tenants to provide security deposits or letters of credit. Though these security deposits and letters of credit are insufficient to meet the total value of a tenant's lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost revenue and the costs associated with re-tenanting a space. The properties in our real estate portfolio are located in the New York metropolitan area. The tenants located in our buildings operate in various industries. Other than one tenant, Credit Suisse Securities (USA), Inc., who accounted for 8.2% of our share of annualized cash rent, no other tenant in our portfolio accounted for more than 5.0% of our share of annualized cash rent, including our share of joint venture annualized cash rent, at December 31, 2019. In January 2020, Credit Suisse entered into a lease termination agreement with the Company and vacated its space at the property, thereby reducing its share of annualized cash rent to approximately 3.3%.

For the years ended December 31, 2019, 2018, and 2017, the following properties contributed more than 5.0% of our annualized cash rent from office properties, including our share of annualized cash rent from joint venture office properties:

Property	2019	Property	2018	Property	2017
1185 Avenue of the Americas	7.6%	11 Madison Avenue	7.4%	11 Madison Avenue	7.1%
11 Madison Avenue	7.4%	1185 Avenue of the Americas	6.7%	1185 Avenue of the Americas	7.1%
420 Lexington Avenue	6.6%	420 Lexington Avenue	6.5%	1515 Broadway	7.0%
1515 Broadway	6.1%	1515 Broadway	6.0%	420 Lexington Avenue	6.0%
One Madison Avenue	6.0%	One Madison Avenue	5.8%	One Madison Avenue	5.6%
220 East 42 nd Street	5.5%				

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As of December 31, 2019, 70.1% of our work force is covered by six collective bargaining agreement. 2.1% of our work force is covered by collective bargaining agreements that expire in December 2020. See Note 19, "Benefits Plans."

Reclassification

Certain prior year balances have been reclassified to conform to our current year presentation.

Accounting Standards Updates

In August 2018, the FASB issued Accounting Standard Update, or ASU, No. 2018-15, Intangibles - Goodwill and Other-Internal-Use Software (Topic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract. The amendments provide guidance on accounting for fees paid when the arrangement includes a software license and align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing costs to develop or obtain internal-use software. The guidance is effective for the Company for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company has not yet adopted this new guidance and does not expect it to have a material impact on the Company's consolidated financial statements when the new standard is implemented.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. This amendment removed, modified and added the disclosure requirements under Topic 820. The changes are effective for the Company for fiscal years beginning after December 15, 2019. Early adoption is permitted for the removed or modified disclosures with adoption of the additional disclosures upon the effective date. The Company has not yet adopted this new guidance and does not expect it to have a material impact on the Company's consolidated financial statements when the new standard is implemented.

In June 2018, the FASB issued ASU No. 2018-07, Compensation - Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting and in November 2019, issued ASU No. 2019-08, Compensation Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606). These amendments provide additional guidance related to share-based payment transactions for acquiring goods or services from nonemployees. The Company has adopted this guidance in 2019 and it did not have a material impact on the Company's consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815), Targeted Improvements to Accounting for Hedging Activities; in July 2018, the FASB issued ASU No. 2018-16, Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes; and in May 2019, issued ASU No. 2019-05, Codification Improvements. The amendments in the new standards will permit more flexibility in hedging interest rate risk for both variable rate and fixed rate financial instruments. The standards will also enhance the presentation of hedge results in the financial statements. The Company adopted this guidance on January 1, 2019, and it did not have a material impact on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments; in November 2018 issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, in April, May and November 2019, issued ASU No. 2019-04, 2019-05 and 2019-11, which provide codification improvements and targeted transition relief. The guidance changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance replaces the current 'incurred loss' model with an 'expected loss' approach. The guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company's DPE portfolio and financing lease assets will be subject to this guidance once the Company adopts it. ASU No. 2018-19 excludes operating lease receivables from the scope of this guidance. The Company will adopt this guidance January 1, 2020 and does not expect it to have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases. In July 2018, the FASB issued ASU No. 2018-10 - Codification Improvements to Topic 842, Leases, and ASU No. 2018-11 - Targeted Improvements. In December 2018, the FASB issued ASU No. 2018-20 - Narrow-Scope Improvements for Lessors and in March 2019 issued ASU No. 2019-01 - Codification Improvements. The Company adopted this guidance on January 1, 2019 using the modified retrospective approach which allows the Company to apply the guidance for the current year presentation and not adjust the prior year numbers. The Company elected the package of practical expedients that allows an entity to not reassess (i) whether any expired or existing contracts are or contain leases, (ii) lease classification for any expired or existing leases and (iii) initial direct costs for any expired or existing leases. The new guidance applies to the ground leases under which the Company is a lessee. The Company has recognized a new asset and liability - "Right of use asset - operating leases" and "Lease liability - operating leases" - for those leases classified as operating leases under the previous standard. The Company will continue to recognize expense on a straight-line basis for these operating leases.

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The ground leases that the Company historically reported as “Properties under capital leases” and “Capitalized lease obligations” are now labeled “Right of use asset - financing leases” and “Lease liability - financing leases”. The expense recognition of these leases has not changed. The Company adopted the practical expedient offered in ASU No. 2018-11 that allows lessors to not separate non-lease components from the related lease components under certain conditions. In doing so, the Company has collapsed the line “Escalation and reimbursement revenues” into the “Rental revenue, net” line to reflect adopting this practical expedient. The Company also collapsed the prior year balances to conform to the current year presentation. For future leases, the Company no longer capitalizes internal leasing costs that are not incremental and direct as defined under the new guidance. The Company has recorded additional expense of approximately \$10.0 million related to this change for the year ended December 31, 2019.

3. Property Acquisitions

2019 Acquisitions

The following table summarizes the properties acquired during the year ended December 31, 2019:

Property	Acquisition Date	Property Type	Approximate Square Feet	Gross Asset Valuation (in millions)
106 Spring Street ⁽¹⁾	April 2019	Fee Interest	5,928	\$ 80.2
410 Tenth Avenue ⁽²⁾	May 2019	Fee Interest	638,000	440.0
110 Greene Street ⁽³⁾	May 2019	Fee Interest	223,600	256.5

- (1) In April 2019, the Company accepted an assignment of the equity interests in the property in lieu of repayment of the Company's debt investment and marked the assets received and liabilities assumed to fair value.
- (2) In May 2019, the Company closed on the acquisition of a majority and controlling 70.87% interest in 410 Tenth Avenue. We recorded the assets acquired and liabilities assumed at fair value, which resulted in the recognition of a fair value adjustment of \$67.6 million, which is reflected in the Company's consolidated statement of operations within purchase price and other fair value adjustments, and \$18.3 million of net intangible lease liabilities.
- (3) In May 2019, the Company acquired from our joint venture partner the remaining 10% interest in this property that the Company did not already own.

2018 Acquisitions

The following table summarizes the properties acquired during the year ended December 31, 2018:

Property	Acquisition Date	Property Type	Approximate Square Feet	Acquisition Price (in millions)
2 Herald Square ⁽¹⁾	May 2018	Leasehold Interest	369,000	\$ 266.0
1231 Third Avenue ⁽²⁾⁽³⁾	July 2018	Fee Interest	39,000	55.4
Upper East Side Residential ⁽³⁾⁽⁴⁾	August 2018	Fee Interest	0.2 acres	30.2
133 Greene Street ⁽²⁾	October 2018	Fee Interest	6,425	31.0
712 Madison Avenue ⁽²⁾	December 2018	Fee Interest	6,600	58.0

- (1) In May 2018, the Company was the successful bidder at the foreclosure of the asset. We recorded the assets acquired and liabilities assumed at fair value. This resulted in the recognition of a fair value adjustment of \$8.1 million, which is reflected in the Company's consolidated statement of operations within purchase price and other fair value adjustments. See Note 16, "Fair Value Measurements." The Company subsequently sold a 49% interest in the property in November 2018. See Note 4, "Properties Held for Sale and Dispositions." and Note 6, "Investments in Unconsolidated Joint Ventures."
- (2) The Company accepted an assignment of the equity interests in the property in lieu of repayment of the Company's debt investment, and recorded the assets received and liabilities assumed at fair value.
- (3) This property was subsequently sold in October 2018. See Note 4, "Properties Held for Sale and Dispositions."
- (4) In August 2018, the Company acquired the fee interest in three additional land parcels at the Upper East Side Residential Assemblage.

2017 Acquisitions

During the year ended December 31, 2017, we did not acquire any properties from a third party.

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4. Properties Held for Sale and Property Dispositions

Properties Held for Sale

During the third quarter of 2019, we entered into an agreement to sell 220 East 42nd Street in Manhattan for a total consideration of \$815.0 million. The sale is expected to close in the first quarter of 2020.

As of December 31, 2019, 220 East 42nd Street was classified as held for sale.

Property Dispositions

The following table summarizes the properties sold during the years ended December 31, 2019, 2018, and 2017:

Property	Disposition Date	Property Type	Unaudited Approximate Usable Square Feet	Sales Price ⁽¹⁾ (in millions)	Gain (Loss) on Sale ⁽²⁾ (in millions)
Suburban Properties ⁽³⁾	December 2019	Fee Interest	1,107,000	\$ 229.2	\$ 1.8
1640 Flatbush Avenue	December 2019	Fee Interest	1,000	16.2	5.5
562 Fifth Avenue	December 2019	Fee Interest	42,635	52.4	(26.6)
1010 Washington Boulevard	November 2019	Fee Interest	143,400	23.1	(7.1)
115 Spring Street ⁽⁴⁾	August 2019	Fee Interest	5,218	66.6	3.6
2 Herald Square ⁽⁵⁾	November 2018	Office/Retail	369,000	265.0	—
400 Summit Lake Drive	November 2018	Land	39.5 acres	3.0	(36.2)
Upper East Side Assemblage ⁽⁶⁾⁽⁷⁾	October 2018	Development	70,142	143.8	(6.3)
1-6 International Drive	July 2018	Office	540,000	55.0	(2.6)
635 Madison Avenue	June 2018	Retail	176,530	153.0	(14.1)
115-117 Stevens Avenue	May 2018	Office	178,000	12.0	(0.7)
600 Lexington Avenue	January 2018	Office	303,515	305.0	23.8
1515 Broadway ⁽⁸⁾	December 2017	Office	1,750,000	1,950.0	—
125 Chubb Way	October 2017	Office	278,000	29.5	(26.1)
16 Court Street	October 2017	Office	317,600	171.0	64.9
680-750 Washington Boulevard	July 2017	Office	325,000	97.0	(44.2)
520 White Plains Road	April 2017	Office	180,000	21.0	(14.6)
102 Greene Street ⁽⁹⁾	April 2017	Retail	9,200	43.5	4.9

- (1) Sales price represents the gross sales price for a property or the gross asset valuation for interests in a property.
- (2) The gain on sale for 1640 Flatbush Avenue, 600 Lexington Avenue, 16 Court Street, and 102 Greene Street are net of \$2.0 million, \$1.3 million, \$2.5 million, and \$0.9 million, respectively, in employee compensation accrued in connection with the realization of these investment gains. Additionally, amounts do not include adjustments for expenses recorded in subsequent periods.
- (3) Suburban Properties consists of 360 Hamilton Avenue, 100 Summit Lake Drive, 200 Summit Lake Drive, and 500 Summit Lake Drive.
- (4) The Company sold a 49% interest, which resulted in the deconsolidation of our remaining 51% interest. We recorded our investment at fair value which resulted in the recognition of a fair value adjustment of \$3.8 million, which is reflected in the Company's consolidated statements of operations within purchase price and other fair value adjustments. See Note 6, "Investments in Unconsolidated Joint Ventures."
- (5) In November 2018, the Company sold a 49% interest in 2 Herald Square to an Israeli institutional investor. See Note 6, "Investments in Unconsolidated Joint Ventures."
- (6) Upper East Side Assemblage consists of 260 East 72nd Street, 31,076 square feet of development rights, 252-254 East 72nd Street, 257 East 71st Street, 259 East 71st Street, and 1231 Third Avenue.
- (7) The Company recorded a \$5.8 million charge in 2018 that is included in depreciable real estate reserves and impairment in the consolidated statement of operations.
- (8) In November 2017, the Company sold a 30.13% interest in 1515 Broadway to affiliates of Allianz Real Estate. At that time, the sale did not meet the criteria for sale accounting and as a result the property was accounted for under the profit sharing method. The Company achieved sale accounting upon adoption of ASC 610-20 in January 2018 and closed on the sale of an additional 12.87% interest in the property to Allianz in February 2018. See Note 6, "Investments in Unconsolidated Joint Ventures."
- (9) In April 2017, we closed on the sale of a 90% interest in 102 Greene Street and accounted for our retained 10% interest in the property as an investment in unconsolidated joint ventures. We sold the remaining 10% interest in September 2017. See Note 6, "Investments in Unconsolidated Joint Ventures."

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5. Debt and Preferred Equity Investments

Below is a summary of the activity relating to our debt and preferred equity investments as of December 31, 2019 and 2018 (in thousands):

	December 31, 2019	December 31, 2018
Balance at beginning of year ⁽¹⁾	\$ 2,099,393	\$ 2,114,041
Debt investment originations/accretion ⁽²⁾	652,866	834,304
Preferred equity investment originations/accretion ⁽²⁾	14,736	151,704
Redemptions/sales/syndications/amortization ⁽³⁾	(1,190,689)	(994,906)
Net change in loan loss reserves	4,000	(5,750)
Balance at end of period ⁽¹⁾	<u>\$ 1,580,306</u>	<u>\$ 2,099,393</u>

(1) Net of unamortized fees, discounts, and premiums.

(2) Accretion includes amortization of fees and discounts and paid-in-kind investment income.

(3) Certain participations in debt investments that were sold or syndicated, but did not meet the conditions for sale accounting, are included in other assets and other liabilities on the consolidated balance sheets.

Below is a summary of the balances relating to our debt and preferred equity investments as of December 31, 2019 (dollars in thousands):

Type	Floating Rate			Fixed Rate			Total Carrying Value	Senior Financing	Maturity
	Carrying Value	Face Value	Interest Rate	Carrying Value	Face Value	Interest Rate			
Senior Mortgage Debt	\$ 341,513	\$342,861	L + 2.75 - 5.50%	\$ 1,010	\$1,250	3.00%	\$ 342,523	\$ —	2020-2022
Junior Mortgage Debt	31,960	32,000	L + 6.00 - 7.25%	—	—	—	\$ 31,960	100,000	2020-2021
Mezzanine Debt	245,412	247,385	L + 4.60 - 12.36%	721,175	728,138	2.90 - 10.00%	\$ 966,587	5,188,939	2020-2029
Preferred Equity	—	—	—	239,236	244,983	7.00 - 11.00%	\$ 239,236	272,000	2020-2023
Balance at end of period	<u>\$ 618,885</u>	<u>\$ 622,246</u>	—	<u>\$ 961,421</u>	<u>\$ 974,371</u>	—	<u>\$1,580,306</u>	<u>\$ 5,560,939</u>	—

The following table is a rollforward of our total loan loss reserves at December 31, 2019, 2018 and 2017 (in thousands):

	December 31,		
	2019	2018	2017
Balance at beginning of year	\$ 5,750	\$ —	\$ —
Expensed	—	6,839	—
Recoveries	—	—	—
Charge-offs and reclassifications	(4,000)	(1,089)	—
Balance at end of period	<u>\$ 1,750</u>	<u>\$ 5,750</u>	<u>\$ —</u>

At December 31, 2019, all debt and preferred equity investments were performing in accordance with their respective terms. At December 31, 2019, the Company's loan loss reserves of 1.8 million were attributable to one investment with an unpaid principal balance of \$142.9 million that is being marketed for sale, but is otherwise performing in accordance with its respective terms, and was not put on nonaccrual.

At December 31, 2018, all debt and preferred equity investments were performing in accordance with their respective terms. At December 31, 2018, the Company's loan loss reserves of \$5.8 million were attributable to two investments with an unpaid principal balance of \$159.9 million that were being marketed for sale, were performing in accordance with their respective terms, and were not put on nonaccrual.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

We have determined that we have one portfolio segment of financing receivables at December 31, 2019 and 2018 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 \$131.1 million and \$124.5 million at December 31, 2019 and 2018, respectively. No financing receivables were 90 days past due at December 31, 2019 with the exception of a \$28.4 million financing receivable which was put on nonaccrual in August 2018 as a result of interest default. The loan was evaluated in accordance with our loan review procedures and the Company concluded that the fair value of the collateral exceeded the carrying amount of the loan.

As of December 31, 2019, management estimated the weighted average risk rating for our debt and preferred equity investments to be 1.2.

Debt Investments

As of December 31, 2019 and 2018, we held the following debt investments with an aggregate weighted average current yield of 8.42%, at December 31, 2019 (in thousands):

Loan Type	December 31, 2019 Future Funding Obligations	December 31, 2019 Senior Financing	December 31, 2019 Carrying Value ⁽¹⁾	December 31, 2018 Carrying Value ⁽¹⁾	Maturity Date ⁽²⁾
Fixed Rate Investments:					
Mezzanine Loan ^(3a)	\$ —	\$ 1,160,000	\$ 222,775	\$ 213,185	March 2020
Mezzanine Loan	—	15,000	3,500	3,500	September 2021
Mezzanine Loan	—	147,000	24,952	24,932	April 2022
Mezzanine Loan	—	280,000	38,734	36,585	August 2022
Mezzanine Loan	—	326,574	215,737	—	June 2023
Mezzanine Loan	—	83,790	12,714	12,706	November 2023
Mezzanine Loan	—	180,000	30,000	30,000	December 2023
Mezzanine Loan ^(3b)	—	115,000	12,950	12,941	June 2024
Mezzanine Loan	—	95,000	30,000	30,000	January 2025
Mezzanine Loan	—	1,712,750	55,250	55,250	June 2027
Mezzanine Loan	—	—	—	11,000	
Total fixed rate	\$ —	\$ 4,115,114	\$ 646,612	\$ 430,099	
Floating Rate Investments:					
Mortgage/Mezzanine Loan ⁽⁴⁾	\$ 2,509	\$ 29,420	\$ 82,696	\$ 62,493	January 2020
Mortgage/Mezzanine Loan	—	—	69,839	—	March 2020
Junior Mortgage Loan	—	40,000	20,000	19,986	April 2020
Mezzanine Loan	4,831	47,302	15,743	12,627	July 2020
Mortgage/Mezzanine Loan	—	—	19,971	19,999	August 2020
Mortgage Loan	44,737	—	106,473	88,501	September 2020
Mortgage/Mezzanine Loan	—	63,990	55,573	83,449	October 2020
Mezzanine Loan	19,212	421,938	51,387	88,817	December 2021
Mortgage/Mezzanine Loan	—	—	35,386	35,266	December 2020
Mortgage/Mezzanine Loan ^(3c)	10,384	—	96,570	277,694	April 2021
Mezzanine Loan	—	275,000	49,809	24,961	April 2021
Junior Mortgage Participation/ Mezzanine Loan	—	60,000	15,698	15,665	July 2021
Mezzanine Loan	12,999	151,175	41,395	—	July 2021
Mezzanine Loan	44,000	—	13,918	—	December 2022
Mezzanine Loan	—	85,000	20,000	—	December 2029
Mezzanine Loan	—	—	—	53,402	
Mezzanine Loan	—	—	—	79,164	
Mezzanine Loan	—	—	—	15,333	

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

Loan Type	December 31, 2019 Future Funding Obligations	December 31, 2019 Senior Financing	December 31, 2019 Carrying Value ⁽¹⁾	December 31, 2018 Carrying Value ⁽¹⁾	Maturity Date ⁽²⁾
Mezzanine Loan	—	—	—	14,822	
Mortgage/Mezzanine Loan	—	—	—	154,070	
Mezzanine Loan	—	—	—	34,886	
Mortgage/Junior Mortgage Participation Loan	—	—	—	84,012	
Mortgage/Mezzanine Loan	—	—	—	37,094	
Mortgage/Mezzanine Loan	—	—	—	98,804	
Mezzanine Loan	—	—	—	7,305	
Mezzanine Loan	—	—	—	14,998	
Mezzanine Loan	—	—	—	21,990	
Mezzanine Loan ⁽⁵⁾	—	—	—	37,499	
Total floating rate	\$ 138,672	\$ 1,173,825	\$ 694,458	\$ 1,382,837	
Total	\$ 138,672	\$ 5,288,939	\$ 1,341,070	\$ 1,812,936	

- (1) Carrying value is net of discounts, premiums, original issue discounts and deferred origination fees.
(2) Represents contractual maturity, excluding any unexercised extension options.
(3) Carrying value is net of the following amounts that were sold or syndicated, which are included in other assets and other liabilities on the consolidated balance sheets as a result of the transfers not meeting the conditions for sale accounting: (a) \$1.3 million, (b) \$12.0 million and (c) \$96.4 million
(4) This loan was extended in January 2020.
(5) In 2019, the Company accepted an assignment of the equity interests in the property in-lieu of repayment and marked the assets received and liabilities assumed to fair value.

Preferred Equity Investments

As of December 31, 2019 and 2018, we held the following preferred equity investments with an aggregate weighted average current yield of 9.63% at December 31, 2019 (in thousands):

Type	December 31, 2019 Future Funding Obligations	December 31, 2019 Senior Financing	December 31, 2019 Carrying Value ⁽¹⁾	December 31, 2018 Carrying Value ⁽¹⁾	Mandatory Redemption ⁽²⁾
Preferred Equity	\$ —	\$ 272,000	\$ 141,171	\$ 143,183	April 2021
Preferred Equity	—	1,763,529	98,065	143,274	June 2022
Total	\$ —	\$ 2,035,529	\$ 239,236	\$ 286,457	

- (1) Carrying value is net of deferred origination fees.
(2) Represents contractual maturity, excluding any unexercised extension options.

6. Investments in Unconsolidated Joint Ventures

We have investments in several real estate joint ventures with various partners. As of December 31, 2019, the book value of these investments was 2.9 billion, net of investments with negative book values totaling \$80.9 million for which we have an implicit commitment to fund future capital needs.

As of December 31, 2019, 800 Third Avenue, 21 East 66th Street, 605 West 42nd Street, 333 East 22nd Street, and certain properties within the Stonehenge Portfolio are VIEs in which we are not the primary beneficiary. As of December 31, 2018, 800 Third Avenue, 21 East 66th Street, 605 West 42nd Street, 333 East 22nd Street, One Vanderbilt, and certain properties within the Stonehenge Portfolio are VIEs in which we are not the primary beneficiary. Our net equity investment in these VIEs was \$145.9 million as of December 31, 2019 and \$808.3 million as of December 31, 2018. Our maximum loss is limited to the amount of our equity investment in these VIEs. See the "Principles of Consolidation" section of Note 2, "Significant Accounting Policies". All other investments below are voting interest entities. As we do not control the joint ventures listed below, we account for them under the equity method of accounting.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
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The table below provides general information on each of our joint ventures as of December 31, 2019:

Property	Partner	Ownership Interest ⁽¹⁾	Economic Interest ⁽¹⁾	Unaudited Approximate Square Feet
100 Park Avenue	Prudential Real Estate Investors	49.90%	49.90%	834,000
717 Fifth Avenue	Jeff Sutton/Private Investor	10.92%	10.92%	119,500
800 Third Avenue	Private Investors	60.52%	60.52%	526,000
919 Third Avenue ⁽²⁾	New York State Teacher's Retirement System	51.00%	51.00%	1,454,000
11 West 34th Street	Private Investor/Jeff Sutton	30.00%	30.00%	17,150
280 Park Avenue	Vornado Realty Trust	50.00%	50.00%	1,219,158
1552-1560 Broadway ⁽³⁾	Jeff Sutton	50.00%	50.00%	57,718
10 East 53rd Street	Canadian Pension Plan Investment Board	55.00%	55.00%	354,300
21 East 66th Street ⁽⁴⁾	Private Investors	32.28%	32.28%	13,069
650 Fifth Avenue ⁽⁵⁾	Jeff Sutton	50.00%	50.00%	69,214
121 Greene Street	Jeff Sutton	50.00%	50.00%	7,131
55 West 46th Street	Prudential Real Estate Investors	25.00%	25.00%	347,000
Stonehenge Portfolio ⁽⁶⁾	Various	Various	Various	1,439,016
605 West 42nd Street	The Moinian Group	20.00%	20.00%	927,358
11 Madison Avenue	PGIM Real Estate	60.00%	60.00%	2,314,000
333 East 22nd Street	Private Investors	33.33%	33.33%	26,926
400 East 57th Street ⁽⁷⁾	BlackRock, Inc and Stonehenge Partners	51.00%	41.00%	290,482
One Vanderbilt	National Pension Service of Korea/Hines Interest LP	71.01%	71.01%	—
Worldwide Plaza	RXR Realty / New York REIT / Private Investor	24.35%	24.35%	2,048,725
1515 Broadway	Allianz Real Estate of America	56.87%	56.87%	1,750,000
2 Herald Square	Israeli Institutional Investor	51.00%	51.00%	369,000
115 Spring Street	Private Investor	51.00%	51.00%	5,218

- (1) Ownership interest and economic interest represent the Company's interests in the joint venture as of December 31, 2019. Changes in ownership or economic interests within the current year are disclosed in the notes below.
- (2) In January 2018, the partnership agreement for our investment was modified resulting in the Company no longer having a controlling interest in this investment. As a result, the investment was deconsolidated as of January 1, 2018. We recorded our non-controlling interest at fair value resulting in a \$49.3 million fair value adjustment in the consolidated statement of operations. This fair value was allocated to the assets and liabilities, including identified intangibles of the joint venture.
- (3) The acquisition price represents only the purchase of the 1552 Broadway interest which comprised approximately 13,045 square feet. The joint venture also owns a long-term leasehold interest in the retail space and certain other spaces at 1560 Broadway, which is adjacent to 1552 Broadway.
- (4) We hold a 32.28% interest in three retail and one residential units at the property and a 16.14% interest in three residential units at the property.
- (5) The joint venture owns a long-term leasehold interest in the retail space at 650 Fifth Avenue. In connection with the ground lease obligation, SLG provided a performance guaranty and our joint venture partner executed a contribution agreement to reflect its pro rata obligation. In the event the property is converted into a condominium unit and the landlord elects the purchase option, the joint venture shall be obligated to acquire the unit at the then fair value.
- (6) We, together with our joint venture partner, closed on the sale of one property from the Stonehenge Portfolio in February 2019 and another property in May 2019. These sales are further described under Sale of Joint Venture Interest of Properties below.
- (7) In October 2016, we sold a 49% interest in this property. Our interest in the property was sold within a consolidated joint venture owned 90% by the Company and 10% by Stonehenge. The transaction resulted in the deconsolidation of the venture's remaining 51% interest in the property. Our joint venture with Stonehenge remains consolidated resulting in the combined 51% interest being shown within investments in unconsolidated joint ventures on our balance sheet.

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Notes to Consolidated Financial Statements (cont.)
December 31, 2019

Acquisition, Development and Construction Arrangements

Based on the characteristics of the following arrangements, which are similar to those of an investment, combined with the expected residual profit of not greater than 50%, we have accounted for these debt and preferred equity investments under the equity method. As of December 31, 2019 and 2018, the carrying value for acquisition, development and construction arrangements were as follows (dollars in thousands):

Loan Type	December 31, 2019	December 31, 2018	Maturity Date
Mezzanine Loan	\$ —	44,357	
	\$ —	\$ 44,357	

Disposition of Joint Venture Interests or Properties

The following table summarizes the investments in unconsolidated joint ventures sold during the years ended December 31, 2019, 2018, and 2017:

Property	Ownership Interest Sold	Disposition Date	Gross Asset Valuation (in thousands) ⁽¹⁾	Gain (Loss) on Sale (in thousands) ⁽²⁾
21 East 66th Street ⁽³⁾	1 residential unit	December 2019	\$ 2,900	\$ 279
521 Fifth Avenue	50.50%	May 2019	381,000	57,874
131-137 Spring Street	20.00%	January 2019	216,000	17,660
Stonehenge Portfolio (partial)	Various	Various - 2019	468,800	(2,408)
3 Columbus Circle	48.90%	November 2018	851,000	160,368
Mezzanine Loan ⁽⁴⁾	33.33%	August 2018	15,000	N/A
724 Fifth Avenue	49.90%	July 2018	365,000	64,587
Jericho Plaza	11.67%	June 2018	117,400	147
1745 Broadway	56.87%	May 2018	633,000	52,038
175-225 Third Street Brooklyn, New York	95.00%	April 2018	115,000	19,483
1515 Broadway ⁽⁵⁾	13.00%	February 2018	1,950,000	—
Stonehenge Portfolio (partial)	Various	Various - 2018	331,100	(6,063)
102 Greene Street	10.00%	September 2017	43,500	283
76 11th Avenue ⁽⁶⁾	33.33%	May 2017	138,240	N/A
Stonehenge Portfolio (partial)	Various	March 2017	300,000	871

- (1) Represents implied gross valuation for the joint venture or sales price of the property.
- (2) Represents the Company's share of the gain or (loss). The gain on sale is net of \$4.0 million, \$11.7 million, and \$0 of employee compensation accrued in connection with the realization of these investment gains in the years ended December 31, 2019, 2018, and 2017, respectively. Additionally, gain (loss) amounts do not include adjustments for expenses recorded in subsequent periods.
- (3) We, together with our joint venture partner, closed on the sale of one residential unit at the property.
- (4) Our investment in a joint venture that owned a mezzanine loan secured by a commercial property in midtown Manhattan was repaid after the joint venture received repayment of the underlying loan.
- (5) Our investment in 1515 Broadway was marked to fair value on January 1, 2018 upon adoption of ASC 610-20.
- (6) Our investment in a joint venture that owned two mezzanine notes secured by interests in the entity that owns 76 11th Avenue was repaid after the joint venture received repayment of the underlying loans.

In May 2017, we recognized a gain of \$13.0 million related to the sale in May 2014 of our ownership interest in 747 Madison Avenue. The sale did not meet the criteria for sale accounting in May of 2014 and, therefore, remained on our consolidated financial statements. The sale criteria was met in May of 2017 resulting in recognition of the deferred gain on the sale.

Joint Venture Mortgages and Other Loans Payable

We generally finance our joint ventures with non-recourse debt. In certain cases we may provide guarantees or master leases for tenant space, which terminate upon the satisfaction of specified circumstances or repayment of the underlying loans. The mortgage notes and other loans payable collateralized by the respective joint venture properties and assignment of leases at December 31, 2019 and 2018, respectively, are as follows (dollars in thousands):

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

Property	Economic Interest ⁽¹⁾	Maturity Date	Interest Rate ⁽²⁾	December 31, 2019	December 31, 2018
Fixed Rate Debt:					
717 Fifth Avenue (mortgage)	10.92%	July 2022	4.45%	\$ 300,000	\$ 300,000
717 Fifth Avenue (mezzanine)	10.92%	July 2022	5.50%	355,328	355,328
650 Fifth Avenue (mortgage)	50.00%	October 2022	4.46%	210,000	210,000
650 Fifth Avenue (mezzanine)	50.00%	October 2022	5.45%	65,000	65,000
21 East 66th Street	32.28%	April 2023	3.60%	12,000	12,000
919 Third Avenue	51.00%	June 2023	5.12%	500,000	500,000
1515 Broadway	56.87%	March 2025	3.93%	838,546	855,876
11 Madison Avenue	60.00%	September 2025	3.84%	1,400,000	1,400,000
800 Third Avenue	60.52%	February 2026	3.37%	177,000	177,000
400 East 57th Street	41.00%	November 2026	3.00%	97,735	99,828
Worldwide Plaza	24.35%	November 2027	3.98%	1,200,000	1,200,000
Stonehenge Portfolio ⁽³⁾	Various	Various	3.50%	196,112	321,076
521 Fifth Avenue ⁽⁴⁾				—	170,000
Total fixed rate debt				<u>\$ 5,351,721</u>	<u>\$ 5,666,108</u>
Floating Rate Debt:					
10 East 53rd Street ⁽⁵⁾	55.00%	February 2020	L+ 2.25%	\$ 170,000	\$ 170,000
280 Park Avenue	50.00%	September 2020	L+ 1.73%	1,200,000	1,200,000
1552 Broadway	50.00%	October 2020	L+ 2.65%	195,000	195,000
121 Greene Street	50.00%	November 2020	L+ 1.50%	15,000	15,000
11 West 34th Street	30.00%	January 2021	L+ 1.45%	23,000	23,000
100 Park Avenue	49.90%	February 2021	L+ 1.75%	356,972	360,000
One Vanderbilt ⁽⁶⁾	71.01%	September 2021	L+ 2.50%	732,928	375,000
2 Herald Square	51.00%	November 2021	L+ 1.45%	190,000	133,565
55 West 46th Street ⁽⁷⁾	25.00%	August 2022	L+ 1.25%	192,524	185,569
115 Spring Street	51.00%	September 2023	L+ 3.40%	65,550	—
605 West 42nd Street	20.00%	August 2027	L+ 1.44%	550,000	550,000
21 East 66th Street	32.28%	June 2033	1 Year Treasury+ 2.75%	712	1,571
131-137 Spring Street ⁽⁸⁾				—	141,000
103 East 86th Street ⁽⁹⁾				—	38,000
Total floating rate debt				<u>\$ 3,691,686</u>	<u>\$ 3,387,705</u>
Total joint venture mortgages and other loans payable				<u>\$ 9,043,407</u>	<u>\$ 9,053,813</u>
Deferred financing costs, net				<u>(91,538)</u>	<u>(103,191)</u>
Total joint venture mortgages and other loans payable, net				<u>\$ 8,951,869</u>	<u>\$ 8,950,622</u>

- (1) Economic interest represents the Company's interests in the joint venture as of December 31, 2019. Changes in ownership or economic interests, if any, within the current year are disclosed in the notes to the investment in unconsolidated joint ventures table above.
- (2) Interest rates as of December 31, 2019, taking into account interest rate hedges in effect during the period. Floating rate debt is presented with the stated interest rate spread over 30-day LIBOR, unless otherwise specified.
- (3) Amount is comprised of \$132.6 million and \$63.5 million in fixed-rate mortgages that mature in April 2028 and July 2029, respectively.
- (4) In May 2019, we, together with our joint venture partner, closed on the sale of the property.
- (5) This loan was refinanced in February 2020.
- (6) This loan is a \$1.75 billion construction facility, with reductions in interest cost based on meeting certain conditions, and has an initial five year term with two one year extension options. Advances under the loan are subject to incurred costs, funded equity, loan to value thresholds, and entering into construction contracts.
- (7) In August 2019, this loan was refinanced with a new \$192.5 million mortgage loan. This loan has a committed amount of \$198.0 million, of which \$5.5 million was unfunded as of December 31, 2019.
- (8) In January 2019, we closed on the sale of our interest in the property.
- (9) In February 2019, we, together with our joint venture partner, closed on the sale of the property.

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We are entitled to receive fees for providing management, leasing, construction supervision and asset management services to certain of our joint ventures. We earned \$13.0 million, \$14.2 million and \$22.6 million from these services, net of our ownership share of the joint ventures, for the years ended December 31, 2019, 2018, and 2017, respectively. In addition, we have the ability to earn incentive fees based on the ultimate financial performance of certain of the joint venture properties.

The combined balance sheets for the unconsolidated joint ventures, at December 31, 2019 and 2018, are as follows (unaudited, in thousands):

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<i>Assets ⁽¹⁾</i>		
Commercial real estate property, net	\$ 14,349,628	\$ 14,347,673
Cash and restricted cash	336,189	381,301
Tenant and other receivables and deferred rents receivable	371,065	273,141
Debt and preferred equity investments, net	—	44,357
Other assets	2,039,429	2,187,166
Total assets	<u>\$ 17,096,311</u>	<u>\$ 17,233,638</u>
<i>Liabilities and equity ⁽¹⁾</i>		
Mortgages and other loans payable, net	\$ 8,951,869	\$ 8,950,622
Deferred revenue/gain	1,501,616	1,660,838
Lease liabilities	897,380	637,168
Other liabilities	308,304	309,145
Equity	5,437,142	5,675,865
Total liabilities and equity	<u>\$ 17,096,311</u>	<u>\$ 17,233,638</u>
Company's investments in unconsolidated joint ventures	<u>\$ 2,912,842</u>	<u>\$ 3,019,020</u>

- (1) The combined assets, liabilities and equity for the unconsolidated joint ventures reflects the effect of step ups in basis on the retained non-controlling interests in deconsolidated investments as a result of the adoption of ASC 610-20 in January 2018. In addition, at December 31, 2019, \$133.1 million of net unamortized basis differences between the amount at which our investments are carried and our share of equity in net assets of the underlying property will be amortized through equity in net income (loss) from unconsolidated joint ventures over the remaining life of the underlying items having given rise to the differences.

The combined statements of operations for the unconsolidated joint ventures, from acquisition date through the years ended December 31, 2019, 2018, and 2017 are as follows (unaudited, in thousands):

	Year Ended December 31,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total revenues	\$ 1,163,534	\$ 1,244,804	\$ 904,230
Operating expenses	202,881	219,440	157,610
Real estate taxes	212,355	226,961	142,774
Operating lease rent	24,816	18,697	16,794
Interest expense, net of interest income	372,408	363,055	250,063
Amortization of deferred financing costs	19,336	21,634	23,026
Transaction related costs	—	—	146
Depreciation and amortization	407,697	421,458	279,419
Total expenses	<u>\$ 1,239,493</u>	<u>\$ 1,271,245</u>	<u>\$ 869,832</u>
Loss on early extinguishment of debt	(1,031)	—	(7,899)
Net (loss) income before gain on sale ⁽¹⁾	<u>\$ (76,990)</u>	<u>\$ (26,441)</u>	<u>\$ 26,499</u>
Company's equity in net (loss) income from unconsolidated joint ventures ⁽¹⁾	<u>\$ (34,518)</u>	<u>\$ 7,311</u>	<u>\$ 21,892</u>

- (1) The combined statements of operations and the Company's equity in net income (loss) for the unconsolidated joint ventures reflects the effect of step ups in basis on the retained non-controlling interests in deconsolidated investments as a result of the adoption of ASC 610-20 in January 2018.

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Notes to Consolidated Financial Statements (cont.)
December 31, 2019

7. Deferred Costs

Deferred costs at December 31, 2019 and 2018 consisted of the following (in thousands):

	December 31,	
	2019	2018
Deferred leasing costs	\$ 466,136	\$ 453,833
Less: accumulated amortization	(260,853)	(244,723)
Deferred costs, net	\$ 205,283	\$ 209,110

8. Mortgages and Other Loans Payable

The first mortgages and other loans payable collateralized by the respective properties and assignment of leases or debt investments at December 31, 2019 and 2018, respectively, were as follows (dollars in thousands):

Property	Maturity Date	Interest Rate ⁽¹⁾	December 31, 2019	December 31, 2018
Fixed Rate Debt:				
762 Madison Avenue	February 2022	5.00%	\$ 771	\$ 771
100 Church Street	July 2022	4.68%	209,296	213,208
420 Lexington Avenue	October 2024	3.99%	299,165	300,000
400 East 58th Street ⁽²⁾	November 2026	3.00%	39,094	39,931
Landmark Square	January 2027	4.90%	100,000	100,000
485 Lexington Avenue	February 2027	4.25%	450,000	450,000
1080 Amsterdam ⁽³⁾	February 2027	3.59%	35,123	35,807
315 West 33rd Street	February 2027	4.17%	250,000	250,000
Total fixed rate debt			\$ 1,383,449	\$ 1,389,717
Floating Rate Debt:				
FHLB Facility ⁽⁴⁾	January 2020	L+ 0.26%	\$ 10,000	\$ —
FHLB Facility ⁽⁵⁾	February 2020	L+ 0.32%	15,000	—
FHLB Facility	June 2020	L+ 0.17%	14,500	—
2017 Master Repurchase Agreement	June 2020	L+ 2.19%	152,684	300,000
133 Greene Street	August 2020	L+ 2.00%	15,523	15,523
106 Spring Street	January 2021	L+ 2.50%	38,025	—
609 Fifth Avenue	March 2021	L+ 2.40%	53,773	—
185 Broadway ⁽⁶⁾	November 2021	L+ 2.85%	120,110	111,869
712 Madison Avenue	December 2021	L+ 1.85%	28,000	28,000
410 Tenth Avenue ⁽⁷⁾	May 2022	L+ 2.23%	330,819	—
719 Seventh Avenue	September 2023	L+ 1.20%	50,000	50,000
FHLB Facility ⁽⁸⁾			—	13,000
115 Spring Street ⁽⁹⁾			—	65,550
FHLB Facility ⁽¹⁰⁾			—	14,500
Total floating rate debt			\$ 828,434	\$ 598,442
Total mortgages and other loans payable			\$ 2,211,883	\$ 1,988,159
Deferred financing costs, net of amortization			(28,630)	(26,919)
Total mortgages and other loans payable, net			\$ 2,183,253	\$ 1,961,240

- (1) Interest rate as of December 31, 2019, taking into account interest rate hedges in effect during the period. Floating rate debt is presented with the stated interest rate spread over 30-day LIBOR, unless otherwise specified.
- (2) The loan carries a fixed interest rate of 300 basis points for the first five years and is prepayable without penalty at the end of year five.
- (3) The loan is comprised of a \$34.2 million mortgage loan and \$0.9 million mezzanine loan with a fixed interest rate of 350 basis points and 700 basis points, respectively, for the first five years and is prepayable without penalty at the end of year five.
- (4) In January 2020, the loan was repaid and a new advance was drawn in the amount of \$10.0 million with a spread of 16.5 basis points.

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- (5) In February 2020, the loan was repaid and a new advance was drawn in the amount of \$15.0 million with a spread of 26.0 basis points.
- (6) This loan is a \$225.0 million construction facility, with reductions in interest cost based on meeting certain conditions, and has an initial three year term with two one year extension options. Advances under the loan are subject to incurred costs and funded equity requirements.
- (7) This loan is a \$465.0 million construction facility, with reductions in interest cost based on meeting certain conditions, and has an initial three year term with two one year extension options. Advances under the loan are subject to incurred costs and funded equity requirements.
- (8) In August 2019, the loan was repaid.
- (9) In August 2019, the Company sold a 49% interest in the property to a private investor. The transaction resulted in the deconsolidation of our remaining 51% interest. See Note 6, "Investments in Unconsolidated Joint Ventures."
- (10) In December 2019, the loan was repaid.

At December 31, 2019 and 2018, the gross book value of the properties and debt and preferred equity investments collateralizing the mortgages and other loans payable was approximately \$3.3 billion and \$2.6 billion, respectively.

Federal Home Loan Bank of New York ("FHLB") Facility

The Company's wholly-owned subsidiary, Ticonderoga Insurance Company, or Ticonderoga, a Vermont licensed captive insurance company, is a member of the Federal Home Loan Bank of New York, or FHLB NY. As a member, Ticonderoga may borrow funds from the FHLB NY in the form of secured advances that bear interest at a floating rate. As of December 31, 2019, we had a total of \$39.5 million in outstanding secured advances with an average spread of 25 basis points over 30-day LIBOR.

Master Repurchase Agreement

The Company entered into a Master Repurchase Agreement, or MRA, known as the 2017 MRA, which provides us with the ability to sell certain mortgage investments with a simultaneous agreement to repurchase the same at a certain date or on demand. 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 our access to additional liquidity through the 2017 credit facility, as defined below.

The 2017 MRA has a maximum facility capacity of \$300.0 million. In April 2018, we increased the maximum facility capacity to \$400.0 million. The facility bears interest on a floating rate basis at a spread to 30-day LIBOR based on the pledged collateral and advance rate. In June 2018, we exercised a one year extension option and in June 2019, we exercised another one year extension option. In August 2019, we amended our agreement to include two additional one year extension options. At December 31, 2019, the facility had a carrying value of \$152.4 million, net of deferred financing costs.

9. Corporate Indebtedness

2017 Credit Facility

In November 2017, we entered into an amendment to the credit facility, referred to as the 2017 credit facility, that was originally entered into by the Company in November 2012, or the 2012 credit facility. As of December 31, 2019, the 2017 credit facility consisted of a \$1.5 billion revolving credit facility, a \$1.3 billion term loan (or "Term Loan A"), and a \$200.0 million term loan (or "Term Loan B") with maturity dates of March 31, 2022, March 31, 2023, and November 21, 2024, respectively. The revolving credit facility has two six-month as-of-right extension options to March 31, 2023. We also have an option, subject to customary conditions, to increase the capacity of the credit facility to \$4.5 billion at any time prior to the maturity dates for the revolving credit facility and term loans without the consent of existing lenders, by obtaining additional commitments from our existing lenders and other financial institutions.

As of December 31, 2019, the 2017 credit facility bore interest at a spread over 30-day LIBOR ranging from (i) 82.5 basis points to 155 basis points for loans under the revolving credit facility, (ii) 90 basis points to 175 basis points for loans under Term Loan A, and (iii) 85 basis points to 165 basis points for loans under Term Loan B, in each case based on the credit rating assigned to the senior unsecured long term indebtedness of the Company.

In May 2019, we entered into an agreement to reduce the interest rate spread under Term Loan B by 65 basis points to a spread over 30-day LIBOR ranging from 85 basis points to 165 basis points. This reduction was effective in November 2019.

At December 31, 2019, the applicable spread was 100 basis points for the revolving credit facility, 110 basis points for Term Loan A, and 100 basis points for Term Loan B. We are required to pay quarterly in arrears a 12.5 to 30 basis point facility fee on

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the total commitments under the revolving credit facility based on the credit rating assigned to the senior unsecured long term indebtedness of the Company. As of December 31, 2019, the facility fee was 20 basis points.

As of December 31, 2019, we had \$11.8 million of outstanding letters of credit, \$240.0 million drawn under the revolving credit facility and \$1.5 billion outstanding under the term loan facilities, with total undrawn capacity of \$1.3 billion under the 2017 credit facility. At December 31, 2019 and December 31, 2018, the revolving credit facility had a carrying value of \$234.0 million and \$492.2 million, respectively, net of deferred financing costs. At December 31, 2019 and December 31, 2018, the term loan facilities had a carrying value of \$1.5 billion and \$1.5 billion, respectively, net of deferred financing costs.

The Company and the Operating Partnership are borrowers jointly and severally obligated under the 2017 credit facility.

The 2017 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 December 31, 2019 and 2018, respectively, by scheduled maturity date (dollars in thousands):

Issuance	December 31, 2019 Unpaid Principal Balance	December 31, 2019 Accreted Balance	December 31, 2018 Accreted Balance	Interest Rate (1)	Initial Term (in Years)	Maturity Date
March 16, 2010 ⁽²⁾	\$ 250,000	\$ 250,000	\$ 250,000	7.75%	10	March 2020
August 7, 2018 ⁽³⁾⁽⁴⁾	350,000	350,000	350,000	L+ 0.98%	3	August 2021
October 5, 2017 ⁽³⁾	500,000	499,695	499,591	3.25%	5	October 2022
November 15, 2012 ⁽⁵⁾	300,000	303,142	304,168	4.50%	10	December 2022
December 17, 2015 ⁽²⁾	100,000	100,000	100,000	4.27%	10	December 2025
	\$ 1,500,000	\$ 1,502,837	\$ 1,503,759			
Deferred financing costs, net		(5,990)	(8,545)			
	\$ 1,500,000	\$ 1,496,847	\$ 1,495,214			

- (1) Interest rate as of December 31, 2019, taking into account interest rate hedges in effect during the period. Floating rate notes are presented with the stated spread over 3-month LIBOR, unless otherwise specified.
- (2) Issued by the Company and the Operating Partnership as co-obligors.
- (3) Issued by the Operating Partnership with the Company as the guarantor.
- (4) Beginning on August 8, 2019 and at any time thereafter, the notes are subject to redemption at the Company's option, in whole but not in part, at a redemption price equal to 100% of the principal amount of the notes, plus unpaid accrued interest thereon to the redemption date.
- (5) In October 2017, the Company and the Operating Partnership as co-obligors issued an additional \$100.0 million of 4.50% senior unsecured notes due December 2022. The notes were priced at 105.334% of par.

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Restrictive Covenants

The terms of the 2017 credit facility and certain of our senior unsecured notes include certain restrictions and covenants which may limit, among other things, our ability to pay dividends, make certain types of investments, incur additional indebtedness, incur liens and enter into negative pledge agreements and dispose of assets, and which require compliance with financial ratios relating to the maximum ratio of total indebtedness to total asset value, a minimum ratio of EBITDA to fixed charges, a maximum ratio of secured indebtedness to total asset value and a maximum ratio of unsecured indebtedness to unencumbered asset value. The dividend restriction referred to above provides that, we will not during any time when a default is continuing, make distributions with respect to common stock or other equity interests, except to enable the Company to continue to qualify as a REIT for Federal income tax purposes. As of December 31, 2019 and 2018, we were in compliance with all such covenants.

Junior Subordinated Deferrable Interest Debentures

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

Principal Maturities

Combined aggregate principal maturities of mortgages and other loans payable, 2017 credit facility, trust preferred securities, senior unsecured notes and our share of joint venture debt as of December 31, 2019, including as-of-right extension options and put options, were as follows (dollars in thousands):

	Scheduled Amortization	Principal	Revolving Credit Facility	Unsecured Term Loans	Trust Preferred Securities	Senior Unsecured Notes	Total	Joint Venture Debt
2020	\$ 11,118	\$ 207,706	\$ —	\$ —	\$ —	\$ 250,000	\$ 468,824	\$ 811,628
2021	11,638	239,908	—	—	—	350,000	601,546	805,276
2022	9,430	529,375	—	—	—	800,000	1,338,805	268,952
2023	7,301	50,000	240,000	1,300,000	—	—	1,597,301	311,436
2024	6,032	272,749	—	200,000	—	—	478,781	17,022
Thereafter	3,258	863,368	—	—	100,000	100,000	1,066,626	1,813,821
	<u>\$ 48,777</u>	<u>\$ 2,163,106</u>	<u>\$ 240,000</u>	<u>\$ 1,500,000</u>	<u>\$ 100,000</u>	<u>\$ 1,500,000</u>	<u>\$ 5,551,883</u>	<u>\$ 4,028,135</u>

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

	Year Ended December 31,		
	2019	2018	2017
Interest expense before capitalized interest	\$ 246,848	\$ 236,719	\$ 281,551
Interest on financing leases	3,243	8,069	3,098
Interest capitalized	(55,446)	(34,162)	(26,020)
Interest income	(4,124)	(1,957)	(1,584)
Interest expense, net	<u>\$ 190,521</u>	<u>\$ 208,669</u>	<u>\$ 257,045</u>

10. Related Party Transactions

Cleaning/ Security/ Messenger and Restoration Services

Alliance Building Services, or Alliance, and its affiliates are partially owned by Gary Green, a son of Stephen L. Green, who serves as a member and as the chairman emeritus of our board of directors, and provide services to certain properties owned by us. Alliance's affiliates include First Quality Maintenance, L.P., or First Quality, Classic Security LLC, Bright Star Couriers LLC and Onyx Restoration Works, and provide cleaning, extermination, security, messenger, and restoration services, respectively. In

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In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. The Service Corporation has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to certain tenants at certain buildings above the base services specified in their lease agreements.

Income earned from the profit participation, which is included in other income on the consolidated statements of operations, was \$3.9 million, \$3.9 million and \$3.9 million for the years ended December 31, 2019, 2018 and 2017, respectively.

We also recorded expenses, inclusive of capitalized expenses, of \$18.8 million, \$18.8 million and \$22.6 million for the years ended December 31, 2019, 2018 and 2017, respectively, for these services (excluding services provided directly to tenants).

Management Fees

S.L. Green Management Corp., a consolidated entity, receives property management fees from an entity in which Stephen L. Green owns an interest. We received management fees from this entity of \$0.6 million, \$0.6 million and \$0.5 million for the years ended December 31, 2019, 2018, and 2017 respectively.

One Vanderbilt Investment

In December 2016, we entered into agreements with entities owned and controlled by our Chairman and CEO, Marc Holliday, and our President, Andrew Mathias, pursuant to which they agreed to make an investment in our One Vanderbilt project at the appraised fair market value for the interests acquired. This investment entitles these entities to receive approximately 1.50% - 1.80% and 1.00% - 1.20%, respectively, of any profits realized by the Company from its One Vanderbilt project in excess of the Company's capital contributions. The entities have no right to any return of capital. Accordingly, subject to previously disclosed repurchase rights, these interests will have no value and will not entitle these entities to any amounts (other than limited distributions to cover tax liabilities incurred) unless and until the Company has received distributions from the One Vanderbilt project in excess of the Company's aggregate investment in the project. In the event that the Company does not realize a profit on its investment in the project (or would not realize a profit based on the value at the time the interests are repurchased), the entities owned and controlled by Messrs. Holliday and Mathias will lose the entire amount of their investment. The entities owned and controlled by Messrs. Holliday and Mathias paid \$1.4 million and \$1.0 million, respectively, which equal the fair market value of the interests acquired as of the date the investment agreements were entered into as determined by an independent third party appraisal that we obtained.

Messrs. Holliday and Mathias cannot monetize their interests until after stabilization of the property (50% within three years after stabilization and 100% three years or more after stabilization). In addition, the agreement calls for us to repurchase these interests in the event of a sale of One Vanderbilt or a transactional change of control of the Company. We also have the right to repurchase these interests on the seven-year anniversary of the stabilization of the project or upon the occurrence of certain separation events prior to the stabilization of the project relating to each of Messrs. Holliday's and Mathias's continued service with us. The price paid upon monetization of the interests will equal the liquidation value of the interests at the time, with the value of One Vanderbilt being based on its sale price, if applicable, or fair market value as determined by an independent third party appraiser.

Other

We are entitled to receive fees for providing management, leasing, construction supervision, and asset management services to certain of our joint ventures as further described in Note 6, "Investments in Unconsolidated Joint Ventures." Amounts due from joint ventures and related parties at December 31, 2019 and 2018 consisted of the following (in thousands):

	December 31,	
	2019	2018
Due from joint ventures	\$ 9,352	\$ 18,655
Other	11,769	9,378
Related party receivables	\$ 21,121	\$ 28,033

11. Noncontrolling Interests on the Company's Consolidated Financial Statements

Noncontrolling interests represent the common and preferred units of limited partnership interest in the Operating Partnership not held by the Company as well as third party equity interests in our other consolidated subsidiaries. Noncontrolling interests in the Operating Partnership are shown in the mezzanine equity while the noncontrolling interests in our other consolidated subsidiaries are shown in the equity section of the Company's consolidated financial statements.

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Common Units of Limited Partnership Interest in the Operating Partnership

As of December 31, 2019 and 2018, the noncontrolling interest unit holders owned 5.03%, or 4,195,875 units, and 4.70%, or 4,130,579 units, of the Operating Partnership, respectively. As of December 31, 2019, 4,195,875 shares of our common stock were reserved for issuance upon the redemption of units of limited partnership interest of the Operating Partnership.

Noncontrolling interests in the Operating Partnership is recorded at the greater of its cost basis or fair market value based on the closing stock price of our common stock at the end of the reporting period.

Below is a summary of the activity relating to the noncontrolling interests in the Operating Partnership as of December 31, 2019 and 2018 (in thousands):

	December 31,	
	2019	2018
Balance at beginning of period	\$ 387,805	\$ 461,954
Distributions	(14,729)	(15,000)
Issuance of common units	19,403	23,655
Redemption of common units	(27,962)	(60,718)
Net income	13,301	12,216
Accumulated other comprehensive income allocation	(2,276)	(66)
Fair value adjustment	34,320	(34,236)
Balance at end of period	\$ 409,862	\$ 387,805

Preferred Units of Limited Partnership Interest in the Operating Partnership

Below is a summary of the preferred units of limited partnership interest in the Operating Partnership as of December 31, 2019:

Issuance	Number of Units Authorized	Number of Units Issued	Dividends Per Unit ⁽¹⁾	Liquidation Preference Per Unit ⁽²⁾	Conversion Price Per Unit ⁽³⁾	Date of Issuance
4.50% Series G ⁽⁴⁾	1,902,000	1,902,000	\$ 1.1250	\$ 25.00	\$ 88.50	January 2012
7.00% Series F	60	60	\$ 70.0000	\$ 1,000.00	\$ 29.12	January 2007
3.50% Series K	700,000	563,954	\$ 0.8750	\$ 25.00	\$ 134.67	August 2014
4.00% Series L	500,000	378,634	\$ 1.0000	\$ 25.00	—	August 2014
3.75% Series M	1,600,000	1,600,000	\$ 0.9375	\$ 25.00	—	February 2015
3.00% Series N ⁽⁵⁾	552,303	552,303	\$ 0.7500	\$ 25.00	—	June 2015
Series O ⁽⁶⁾	1	1	⁽⁶⁾	⁽⁶⁾	—	June 2015
4.00% Series P	200,000	200,000	\$ 1.0000	\$ 25.00	—	July 2015
3.50% Series Q	268,000	268,000	\$ 0.8750	\$ 25.00	\$ 148.95	July 2015
3.50% Series R	400,000	400,000	\$ 0.8750	\$ 25.00	\$ 154.89	August 2015
4.00% Series S	1,077,280	1,077,280	\$ 1.0000	\$ 25.00	—	August 2015
2.75% Series T	230,000	230,000	\$ 0.6875	\$ 25.00	\$ 119.02	March 2016
4.50% Series U ⁽⁷⁾	680,000	680,000	\$ 1.1250	\$ 25.00	—	March 2016
3.50% Series A ⁽⁸⁾	109,161	109,161	\$ 35.0000	\$ 1,000.00	—	August 2015
3.50% Series V	40,000	40,000	\$ 0.8750	\$ 25.00	—	May 2019

(1) Dividends are cumulative, subject to certain provisions.

(2) Units are redeemable at any time at par for cash at the option of the unitholder unless otherwise specified.

(3) If applicable, units are convertible into a number of common units of limited partnership interest in the Operating Partnership equal to (i) the liquidation preference plus accumulated and unpaid distributions on the conversion date divided by (ii) the amount shown in the table.

(4) Common units of limited partnership interest in the Operating Partnership issued in a conversion may be redeemed in exchange for our common stock on a 1-to-1 basis. The Series G Preferred Units also provide the holder with the right to require the Operating Partnership to repurchase the Series G Preferred Units for cash before January 31, 2022.

(5) All of the outstanding units were redeemed at par for cash by the unitholder during the twelve months ended December 31, 2019.

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- (6) The holder of the Series O preferred unit is entitled to quarterly dividends in an amount calculated as (i) 1,350 multiplied by (ii) the current distribution per common unit of limited partnership in SL Green Operating Partnership. The holder has the right to require the Operating Partnership to repurchase the Series O unit for cash at a price that is determined based on the closing price of the Company's common stock at the time such right is exercised. The unit's liquidation preference is the fair market value of the unit at the time of a liquidation event.
- (7) The annual dividend is subject to reduction upon the occurrence of certain circumstances. The minimum annual dividend is \$0.75 per unit.
- (8) Issued through a consolidated subsidiary. The units are convertible on a one-for-one basis, into the Series B Preferred Units of limited partnership interest, or the Subsidiary Series B Preferred Units. The Subsidiary Series B Preferred Units can be converted at any time, at the option of the unitholder, into a number of common stock equal to 6.71348 shares of common stock for each Subsidiary Series B Preferred Unit. As of December 31, 2019, no Subsidiary Series B Preferred Units have been issued.

Below is a summary of the activity relating to the preferred units in the Operating Partnership as of December 31, 2019 and 2018 (in thousands):

	December 31,	
	2019	2018
Balance at beginning of period	\$ 300,427	\$ 301,735
Issuance of preferred units	1,000	—
Redemption of preferred units	(18,142)	(1,308)
Balance at end of period	\$ 283,285	\$ 300,427

12. Stockholders' Equity of the Company

Common Stock

Our authorized capital stock consists of 260,000,000 shares, \$0.01 par value per share, consisting of 160,000,000 shares of common stock, \$0.01 par value per share, 75,000,000 shares of excess stock, at \$0.01 par value per share, and 25,000,000 shares of preferred stock, par value \$0.01 per share. As of December 31, 2019, 79,202,322 shares of common stock and no shares of excess stock were issued and outstanding.

Share Repurchase Program

In August 2016, our Board of Directors approved a share repurchase program under which we can buy up to \$1.0 billion of shares of our common stock. The Board of Directors has since authorized four separate \$500.0 million increases to the size of the share repurchase program in the fourth quarter of 2017, second quarter of 2018, fourth quarter of 2018, and fourth quarter of 2019 bringing the total program size to \$3.0 billion.

At December 31, 2019 repurchases executed under the program were as follows:

Period	Shares repurchased	Average price paid per share	Cumulative number of shares repurchased as part of the repurchase plan or programs
Year ended 2017	8,342,411	\$101.64	8,342,411
Year ended 2018	9,744,911	\$96.22	18,087,322
Year ended 2019	4,596,171	\$83.62	22,683,493

At-The-Market Equity Offering Program

In March 2015, the Company, along with the Operating Partnership, entered into an "at-the-market" equity offering program, or ATM Program, to sell an aggregate of \$300.0 million of our common stock. The Company did not make any sales of its common stock under the ATM program in the years ended December 31, 2019, 2018, or 2017.

Perpetual Preferred Stock

We have 9,200,000 shares of our 6.50% Series I Cumulative Redeemable Preferred Stock, or the Series I Preferred Stock, outstanding with a mandatory liquidation preference of \$25.00 per share. The Series I Preferred stockholders receive annual dividends of \$1.625 per share paid on a quarterly basis and dividends are cumulative, subject to certain provisions. We are entitled to redeem the Series I Preferred Stock at par for cash at our option. In August 2012, we received \$221.9 million in net proceeds from the issuance of the Series I Preferred Stock, which were recorded net of underwriters' discount and issuance costs, and contributed the net proceeds to the Operating Partnership in exchange for 9,200,000 units of 6.50% Series I Cumulative Redeemable Preferred Units of limited partnership interest, or the Series I Preferred Units.

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Dividend Reinvestment and Stock Purchase Plan ("DRSPP")

In February 2018, the Company filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan, or DRSPP, which automatically became effective upon filing. The Company registered 3,500,000 shares of our common stock under the DRSPP. The DRSPP commenced on September 24, 2001.

The following table summarizes SL Green common stock issued, and proceeds received from dividend reinvestments and/or stock purchases under the DRSPP for the years ended December 31, 2019, 2018, and 2017, respectively (dollars in thousands):

	Year Ended December 31,		
	2019	2018	2017
Shares of common stock issued	3,867	1,399	2,141
Dividend reinvestments/stock purchases under the DRSPP	\$ 334	\$ 136	\$ 223

Earnings per Share

We use the two-class method of computing earnings per share ("EPS"), which is an earnings allocation formula that determines EPS for common stock and any participating securities according to dividends declared (whether paid or unpaid). Under the two-class method, basic EPS is computed by dividing the income available to common stockholders by the weighted-average number of common stock shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from share equivalent activity.

SL Green's earnings per share for the years ended December 31, 2019, 2018, and 2017 are computed as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Numerator			
Basic Earnings:			
Income attributable to SL Green common stockholders	\$ 255,484	\$ 232,312	\$ 86,424
Less: distributed earnings allocated to participating securities	(1,739)	(552)	(471)
Net income attributable to SL Green common stockholders (numerator for basic earnings per share)	\$ 253,745	\$ 231,760	\$ 85,953
Add back: Dilutive effect of earnings allocated to participating securities	1,719	552	471
Add back: Effect of dilutive securities (redemption of units to common shares)	13,301	12,216	3,995
Income attributable to SL Green common stockholders (numerator for diluted earnings per share)	\$ 268,765	\$ 244,528	\$ 90,419

	Year Ended December 31,		
	2019	2018	2017
Denominator			
Basic Shares:			
Weighted average common stock outstanding	81,733	86,753	98,571
Effect of Dilutive Securities:			
Operating Partnership units redeemable for common shares	4,275	4,562	4,556
Stock-based compensation plans	554	215	276
Diluted weighted average common stock outstanding	86,562	91,530	103,403

SL Green has excluded 1,252,670, 1,138,647 and 774,782 common stock equivalents from the diluted shares outstanding for the years ended December 31, 2019, 2018, and 2017 respectively, as they were anti-dilutive.

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13. Partners' Capital of the Operating Partnership

The Company is the sole managing general partner of the Operating Partnership and at December 31, 2019 owned 79,202,322 general and limited partnership interests in the Operating Partnership and 9,200,000 Series I Preferred Units. Partnership interests in the Operating Partnership are denominated as “common units of limited partnership interest” (also referred to as “OP Units”) or “preferred units of limited partnership interest” (also referred to as “Preferred Units”). All references to OP Units and Preferred Units outstanding exclude such units held by the Company. A holder of an OP Unit may present such OP Unit to the Operating Partnership for redemption at any time (subject to restrictions agreed upon at the issuance of OP Units to particular holders that may restrict such right for a period of time, generally one year from issuance). Upon presentation of an OP Unit for redemption, the Operating Partnership must redeem such OP Unit in exchange for the cash equal to the then value of a share of common stock of the Company, except that the Company may, at its election, in lieu of cash redemption, acquire such OP Unit for one share of common stock. Because the number of shares of common stock outstanding at all times equals the number of OP Units that the Company owns, one share of common stock is generally the economic equivalent of one OP Unit, and the quarterly distribution that may be paid to the holder of an OP Unit equals the quarterly dividend that may be paid to the holder of a share of common stock. Each series of Preferred Units makes a distribution that is set in accordance with an amendment to the partnership agreement of the Operating Partnership. Preferred Units may also be convertible into OP Units at the election of the holder thereof or the Company, subject to the terms of such Preferred Units.

Net income (loss) allocated to the preferred unitholders and common unitholders reflects their pro rata share of net income (loss) and distributions.

Limited Partner Units

As of December 31, 2019, limited partners other than SL Green owned 5.03%, or 4,195,875 common units, of the Operating Partnership.

Preferred Units

Preferred units not owned by SL Green are further described in Note 11, “Noncontrolling Interests on the Company’s Consolidated Financial Statements - Preferred Units of Limited Partnership Interest in the Operating Partnership.”

Earnings per Unit

The Operating Partnership's earnings per unit for the years ended December 31, 2019, 2018, and 2017 respectively are computed as follows (in thousands):

Numerator	Year Ended December 31,		
	2019	2018	2017
Basic Earnings:			
Income attributable to SLGOP common unitholders	\$ 268,785	\$ 244,528	\$ 90,419
Less: distributed earnings allocated to participating securities	(1,739)	(552)	(471)
Net Income attributable to SLGOP common unitholders (numerator for basic earnings per unit)	\$ 267,046	\$ 243,976	\$ 89,948
Add back: Dilutive effect of earnings allocated to participating securities	1,719	552	471
Income attributable to SLGOP common unitholders	<u>\$ 268,765</u>	<u>\$ 244,528</u>	<u>\$ 90,419</u>
Denominator	Year Ended December 31,		
	2019	2018	2017
Basic units:			
Weighted average common units outstanding	86,008	91,315	103,127
Effect of Dilutive Securities:			
Stock-based compensation plans	554	215	276
Diluted weighted average common units outstanding	<u>86,562</u>	<u>91,530</u>	<u>103,403</u>

The Operating Partnership has excluded 1,252,670, 1,138,647, and 774,782 common unit equivalents from the diluted units outstanding for the years ended December 31, 2019, 2018, and 2017 respectively, as they were anti-dilutive.

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14. Share-based Compensation

We have stock-based employee and director compensation plans. Our employees are compensated through the Operating Partnership. Under each plan, whenever the Company issues common or preferred stock, the Operating Partnership issues an equivalent number of units of limited partnership interest of a corresponding class to the Company.

The Fourth Amended and Restated 2005 Stock Option and Incentive Plan, or the 2005 Plan, was approved by the Company's board of directors in April 2016 and its stockholders in June 2016 at the Company's annual meeting of stockholders. The 2005 Plan authorizes the issuance of stock options, stock appreciation rights, unrestricted and restricted stock, phantom shares, dividend equivalent rights, cash-based awards and other equity-based awards. Subject to adjustments upon certain corporate transactions or events, awards with respect to up to a maximum of 27,030,000 fungible units may be granted under the 2005 Plan. Currently, different types of awards count against the limit on the number of fungible units differently, with (1) full-value awards (i.e., those that deliver the full value of the award upon vesting, such as restricted stock) counting as 3.74 Fungible Units per share subject to such awards, (2) stock options, stock appreciation rights and other awards that do not deliver full value and expire five years from the date of grant counting as 0.73 fungible units per share subject to such awards, and (3) all other awards (e.g., ten year stock options) counting as 1.0 fungible units per share subject to such awards. Awards granted under the 2005 Plan prior to the approval of the fourth amendment and restatement in June 2016 continue to count against the fungible unit limit based on the ratios that were in effect at the time such awards were granted, which may be different than the current ratios. As a result, depending on the types of awards issued, the 2005 Plan may result in the issuance of more or less than 27,030,000 shares. If a stock option or other award granted under the 2005 Plan expires or terminates, the common stock subject to any portion of the award that expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Shares of our common stock distributed under the 2005 Plan may be treasury shares or authorized but unissued shares. Currently, unless the 2005 Plan has been previously terminated by the Company's board of directors, new awards may be granted under the 2005 Plan until June 2, 2026, which is the tenth anniversary of the date that the 2005 Plan was most recently approved by the Company's stockholders. As of December 31, 2019, 4.1 million fungible units were available for issuance under the 2005 Plan after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units.

Stock Options and Class O LTIP Units

Options are granted with an exercise price at the fair market value of the Company's common stock on the date of grant and, subject to employment, generally expire five or ten years from the date of grant, are not transferable other than on death, and generally vest in one to five years commencing one year from the date of grant. We have also granted Class O LTIP Units, which are a class of LTIP Units in the Operating Partnership structured to provide economics similar to those of stock options. Class O LTIP Units, once vested, may be converted, at the election of the holder, into a number of common units of the Operating Partnership per Class O LTIP Unit determined by the increase in value of a share of the Company's common stock at the time of conversion over a participation threshold, which equals the fair market value of a share of the Company's common stock at the time of grant. Class O LTIP Units are entitled to distributions, subject to vesting, equal per unit to 10% of the per unit distributions paid with respect to the common units of the Operating Partnership.

The fair value of each stock option or LTIP Unit granted is estimated on the date of grant using the Black-Scholes option pricing model based on historical information with the following weighted average assumptions for grants during the years ended December 31, 2018 and 2017. There were no grants during the year ended December 31, 2019.

	2019	2018	2017
Dividend yield	none	2.85%	2.51%
Expected life	zero years	3.5 years	4.4 years
Risk-free interest rate	none	2.48%	1.73%
Expected stock price volatility	none	22.00%	28.10%

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A summary of the status of the Company's stock options as of December 31, 2019, 2018, and 2017 and changes during the years ended December 31, 2019, 2018, and 2017 are as follows:

	2019		2018		2017	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Balance at beginning of year	\$ 1,137,017	\$ 103.54	\$ 1,548,719	\$ 101.48	\$ 1,737,213	\$ 98.44
Granted	—	—	6,000	97.91	174,000	105.66
Exercised	—	—	(316,302)	90.22	(292,193)	81.07
Lapsed or canceled	(99,949)	115.81	(101,400)	113.22	(70,301)	121.68
Balance at end of year	<u>\$ 1,037,068</u>	<u>\$ 102.36</u>	<u>\$ 1,137,017</u>	<u>\$ 103.54</u>	<u>\$ 1,548,719</u>	<u>\$ 101.48</u>
Options exercisable at end of year	914,929	\$ 101.69	783,035	\$ 101.28	800,902	\$ 94.33
Weighted average fair value of options granted during the year	\$ —		\$ 84,068		\$ 3,816,652	

The remaining weighted average contractual life of the options outstanding was 2.7 years and the remaining weighted average contractual life of the options exercisable was 2.7 years.

During the years ended December 31, 2019, 2018, and 2017, we recognized compensation expense for these options of \$2.5 million, \$5.4 million, and \$7.8 million, respectively. As of December 31, 2019, there was \$0.1 million of total unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of 0.2 years.

Restricted Shares

Shares are granted to certain employees, including our executives, and vesting will occur annually upon the completion of a service period or our meeting established financial performance criteria. Annual vesting occurs at rates ranging from 15% to 35% once performance criteria are reached.

A summary of the Company's restricted stock as of December 31, 2019, 2018, and 2017 and charges during the years ended December 31, 2019, 2018, and 2017 are as follows:

	2019	2018	2017
Balance at beginning of year	3,452,016	3,298,216	3,202,031
Granted	126,350	162,900	96,185
Canceled	(11,900)	(9,100)	—
Balance at end of year	<u>3,566,466</u>	<u>3,452,016</u>	<u>3,298,216</u>
Vested during the year	113,259	92,114	95,736
Compensation expense recorded	\$ 12,892,249	\$ 12,757,704	\$ 9,809,749
Total fair value of restricted stock granted during the year	\$ 11,131,181	\$ 13,440,503	\$ 9,905,986

The fair value of restricted stock that vested during the years ended December 31, 2019, 2018, and 2017 was \$12.1 million, \$9.8 million and \$9.4 million, respectively. As of December 31, 2019, there was \$20.8 million of total unrecognized compensation cost related to restricted stock, which is expected to be recognized over a weighted average period of 2.0 years.

For the years ended December 31, 2019, 2018, and 2017, \$2.1 million, \$6.3 million, and \$7.2 million, respectively, was capitalized to assets associated with compensation expense related to our long-term compensation plans, restricted stock and stock options.

We granted LTIP Units, which include bonus, time-based and performance based awards, with a fair value of \$58.3 million and \$22.0 million during the years ended December 31, 2019 and 2018, respectively. The grant date fair value of the LTIP Unit awards was calculated in accordance with ASC 718. A third party consultant determined the fair value of the LTIP Units to have a discount from our common stock price. The discount was calculated by considering the inherent uncertainty that the LTIP Units will reach parity with other common partnership units and the illiquidity due to transfer restrictions. As of December 31, 2019,

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there was \$31.2 million of total unrecognized compensation expense related to the time-based and performance based LTIP Unit awards, which is expected to be recognized over a weighted average period of 2.3 years.

During the years ended December 31, 2019, 2018, and 2017, we recorded compensation expense related to bonus, time-based and performance based LTIP Unit awards of \$22.2 million, \$24.4 million, and \$26.1 million, respectively.

2014 Outperformance Plan

In August 2014, the compensation committee of the Company's board of directors approved the general terms of the SL Green Realty Corp. 2014 Outperformance Plan, or the 2014 Outperformance Plan. Participants in the 2014 Outperformance Plan could earn, in the aggregate, up to 610,000 LTIP Units in our Operating Partnership based on our total return to stockholders for the three year period beginning September 1, 2014. Under the 2014 Outperformance Plan, two-thirds of the LTIP Units were subject to performance based vesting based on the Company's absolute total return to stockholders and one-third of the LTIP Units were subject to performance based vesting based on relative total return to stockholders compared to the constituents of the MSCI REIT Index. LTIP Units earned under the 2014 Outperformance Plan were to be subject to continued vesting requirements, with 50% of any awards earned vesting on August 31, 2017 and the remaining 50% vesting on August 31, 2018, subject to continued employment with us through such dates. Participants were not entitled to distributions with respect to LTIP Units granted under the 2014 Outperformance Plan unless and until they are earned. If LTIP Units were earned, each participant would have been entitled to the distributions that would have been paid had the number of earned LTIP Units been issued at the beginning of the performance period, with such distributions being paid in the form of cash or additional LTIP Units. Thereafter, distributions were to be paid currently with respect to all earned LTIP Units, whether vested or unvested.

Based on our performance, none of the LTIP Units granted under the 2014 Outperformance Plan were earned pursuant to the terms of the 2014 Outperformance Plan, and all units issued were forfeited in 2017.

The cost of the 2014 Outperformance Plan (\$27.9 million subject to forfeitures), based on the portion of the 2014 Outperformance Plan granted prior to termination, was amortized into earnings through December 31, 2017. We recorded no compensation expense during the years ended December 31, 2019 and 2018, and compensation expense of \$13.6 million during the year ended December 31, 2017 related to the 2014 Outperformance Plan.

Deferred Compensation Plan for Directors

Under our Non-Employee Director's Deferral Program, which commenced July 2004, the Company's non-employee directors may elect to defer up to 100% of their annual retainer fee, chairman fees, meeting fees and annual stock grant. Unless otherwise elected by a participant, fees deferred under the program shall be credited in the form of phantom stock units. The program provides that a director's phantom stock units generally will be settled in an equal number of shares of common stock upon the earlier of (i) the January 1 coincident with or the next following such director's termination of service from the Board of Directors or (ii) a change in control by us, as defined by the program. Phantom stock units are credited to each non-employee director quarterly using the closing price of our common stock on the first business day of the respective quarter. Each participating non-employee director is also credited with dividend equivalents or phantom stock units based on the dividend rate for each quarter, which are either paid in cash currently or credited to the director's account as additional phantom stock units.

During the year ended December 31, 2019, 18,669 phantom stock units and 9,949 shares of common stock were issued to our board of directors. We recorded compensation expense of \$2.4 million during the year ended December 31, 2019 related to the Deferred Compensation Plan. As of December 31, 2019, there were 128,946 phantom stock units outstanding pursuant to our Non-Employee Director's Deferral Program.

Employee Stock Purchase Plan

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

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our 2008 annual meeting of stockholders. As of December 31, 2019, 131,440 shares of our common stock had been issued under the ESPP.

15. Accumulated Other Comprehensive (Loss) Income

The following tables set forth the changes in accumulated other comprehensive (loss) income by component as of December 31, 2019, 2018 and 2017 (in thousands):

	Net unrealized gain (loss) on derivative instruments ⁽¹⁾	SL Green's share of joint venture net unrealized gain (loss) on derivative instruments ⁽²⁾	Net unrealized gain on marketable securities	Total
Balance at December 31, 2016	\$ 12,596	\$ 4,021	\$ 5,520	\$ 22,137
Other comprehensive (loss) income before reclassifications	(1,618)	233	(1,348)	(2,733)
Amounts reclassified from accumulated other comprehensive income	1,564	766	(3,130)	(800)
Balance at December 31, 2017	12,542	5,020	1,042	18,604
Other comprehensive (loss) income before reclassifications	(2,252)	(103)	51	(2,304)
Amounts reclassified from accumulated other comprehensive income	(574)	(618)	—	(1,192)
Balance at December 31, 2018	9,716	4,299	1,093	15,108
Other comprehensive (loss) income before reclassifications	(32,723)	(11,956)	1,184	(43,495)
Amounts reclassified from accumulated other comprehensive loss	227	(325)	—	(98)
Balance at December 31, 2019	<u>\$ (22,780)</u>	<u>\$ (7,982)</u>	<u>\$ 2,277</u>	<u>\$ (28,485)</u>

- (1) Amount reclassified from accumulated other comprehensive (loss) income is included in interest expense in the respective consolidated statements of operations. As of December 31, 2019 and 2018, the deferred net (gains) losses from these terminated hedges, which is included in accumulated other comprehensive loss relating to net unrealized gain (loss) on derivative instrument, was \$(0.7) million and \$1.3 million, respectively.
- (2) Amount reclassified from accumulated other comprehensive (loss) income is included in equity in net (loss) income from unconsolidated joint ventures in the respective consolidated statements of operations.

16. Fair Value Measurements

We are required to disclose fair value information with regard to our financial instruments, whether or not recognized in the consolidated balance sheets, for which it is practical to estimate fair value. The FASB guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. We measure and/or disclose the estimated fair value of financial assets and liabilities based on a hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions. This hierarchy consists of three broad levels: Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date; Level 2 - inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 - unobservable inputs for the asset or liability that are used when little or no market data is available. We follow this hierarchy for our assets and liabilities measured at fair value on a recurring and nonrecurring basis. In instances in which the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level of input that is significant to the fair value measurement in its entirety. Our assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following tables set forth the assets and liabilities that we measure at fair value on a recurring and non-recurring basis by their levels in the fair value hierarchy at December 31, 2019 and 2018 (in thousands):

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	December 31, 2019			
	Total	Level 1	Level 2	Level 3
<u>Assets:</u>				
Marketable securities	\$ 29,887	\$ —	\$ 29,887	\$ —
Interest rate cap and swap agreements (included in other assets)	\$ 4,419	\$ —	\$ 4,419	\$ —
<u>Liabilities:</u>				
Interest rate cap and swap agreements (included in other liabilities)	\$ 29,110	\$ —	\$ 29,110	\$ —
	December 31, 2018			
	Total	Level 1	Level 2	Level 3
<u>Assets:</u>				
Marketable securities	\$ 28,638	\$ —	\$ 28,638	\$ —
Interest rate cap and swap agreements (included in other assets)	\$ 18,676	\$ —	\$ 18,676	\$ —
<u>Liabilities:</u>				
Interest rate cap and swap agreements (included in other liabilities)	\$ 7,663	\$ —	\$ 7,663	\$ —

We evaluate for potential impairment in real estate investments and debt and preferred equity investments, including intangibles, primarily utilizing cash flow projections that apply, among other things, estimated revenue and expense growth rates, discount rates and capitalization rates, as well as sales comparison approach, which utilizes comparable sales, listings and sales contracts. All of which are classified as Level 3 inputs.

In December 2018, the Company determined that it was more likely than not that its Suburban properties would be sold or otherwise disposed of significantly before the end of their previously estimated useful life. The Company tested the recoverability of the assets and, as a result of the carrying amount of the assets not being deemed recoverable and exceeding their fair value as measured on an asset by asset basis, recorded a \$221.9 million impairment loss. These charges are included in depreciable real estate reserves and impairment in the consolidated statement of operations. The fair value of the assets were determined primarily utilizing cash flow projections that apply, among other things, estimated revenue and expense growth rates, discount rates and capitalization rates, as well as sales comparison approach, which utilizes comparable sales, listings and sales contracts. All of which are classified as Level 3 inputs.

In May 2018, the Company was the successful bidder at the foreclosure of 2 Herald Square, at which time the Company's \$250.5 million outstanding principal balance and \$7.7 million accrued interest balance were credited to our equity investment in the property. We recorded the assets acquired and liabilities assumed at fair value. This resulted in the recognition of a fair value adjustment of \$8.1 million, which is reflected on the Company's consolidated statements of operations within purchase price and other fair value adjustments. This fair value was determined by utilizing our successful bid at the foreclosure of the asset, the agreement to sell a partial interest in the property, and cash flow projections that apply, among other things, estimated revenue and expense growth rates, discount rates and capitalization rates, as well as a sales comparison approach, which utilizes comparable sales, listings and sales contracts, all of which are classified as Level 3 inputs.

In January 2018, the partnership agreement for our investment in 919 Third Avenue was modified resulting in the Company no longer having a controlling interest in this investment. As a result the investment was deconsolidated as of January 1, 2018. The Company recorded its non-controlling interest at fair value resulting in a \$49.3 million fair value adjustment in the consolidated statements of operations. This fair value was determined using a third party valuation which primarily utilized cash flow projections that apply, among other things, estimated revenue and expense growth rates, discount rates and capitalization rates, as well as sales comparison approach, which utilizes comparable sales, listings and sales contracts. All of which are classified as Level 3 inputs.

Marketable securities classified as Level 1 are derived from quoted prices in active markets. The valuation technique used to measure the fair value of marketable securities classified as Level 2 were valued based on quoted market prices or model driven valuations using the significant inputs derived from or corroborated by observable market data. Marketable securities in an unrealized loss position are not considered to be other than temporarily impaired. We do not intend to sell these securities and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost bases.

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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, debt and 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 debt and preferred equity investments, which is classified as Level 3, is estimated by discounting the future cash flows using current interest rates at which similar loans with the same maturities would be made to borrowers with similar credit ratings. The fair value of borrowings, which is classified as Level 3, is estimated by discounting the contractual cash flows of each debt 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 December 31, 2019 and December 31, 2018 (in thousands):

	December 31, 2019		December 31, 2018	
	Carrying Value ⁽¹⁾	Fair Value	Carrying Value ⁽¹⁾	Fair Value
Debt and preferred equity investments	\$ 1,580,306	(2)	\$ 2,099,393	(2)
Fixed rate debt	\$ 3,536,286	\$ 3,642,770	\$ 3,543,476	\$ 3,230,127
Variable rate debt	2,018,434	2,018,714	2,048,442	2,057,966
	<u>\$ 5,554,720</u>	<u>\$ 5,661,484</u>	<u>\$ 5,591,918</u>	<u>\$ 5,288,093</u>

(1) Amounts exclude net deferred financing costs.

(2) At December 31, 2019, debt and preferred equity investments had an estimated fair value ranging between \$1.6 billion and \$1.7 billion. At December 31, 2018, debt and preferred equity investments had an estimated fair value ranging between \$2.1 billion and \$2.3 billion.

Disclosure about fair value of financial instruments was based on pertinent information available to us as of December 31, 2019 and 2018. Although we are not aware of any factors that would significantly affect the reasonable fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

17. Financial Instruments: Derivatives and Hedging

In the normal course of business, we use a variety of commonly used derivative instruments, such as interest rate swaps, caps, collar and floors, to manage, or hedge interest rate risk. We hedge our exposure to variability in future cash flows for forecasted transactions in addition to anticipated future interest payments on existing debt. We recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges are adjusted to fair value through earnings. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedge asset, liability, or firm commitment through earnings, or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. Reported net income and equity may increase or decrease prospectively, depending on future levels of interest rates and other variables affecting the fair values of derivative instruments and hedged items, but will have no effect on cash flows. Currently, all of our designated derivative instruments are effective hedging instruments.

The following table summarizes the notional value at inception and fair value of our consolidated derivative financial instruments at December 31, 2019 based on Level 2 information. The notional value is an indication of the extent of our involvement in these instruments at that time, but does not represent exposure to credit, interest rate or market risks (dollars in thousands).

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	<u>Notional Value</u>	<u>Strike Rate</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Balance Sheet Location</u>	<u>Fair Value</u>
Interest Rate Cap	\$ 300,000	3.750%	May 2019	May 2020	Other Assets	\$ —
Interest Rate Swap	100,000	1.928%	December 2017	November 2020	Other Liabilities	(281)
Interest Rate Swap	100,000	1.934%	December 2017	November 2020	Other Liabilities	(286)
Interest Rate Cap	111,869	3.500%	December 2019	December 2020	Other Assets	—
Interest Rate Cap	85,000	4.000%	March 2019	March 2021	Other Assets	—
Interest Rate Swap	200,000	1.131%	July 2016	July 2023	Other Assets	3,015
Interest Rate Swap	100,000	1.161%	July 2016	July 2023	Other Assets	1,404
Interest Rate Swap	150,000	2.696%	January 2019	January 2024	Other Liabilities	(6,570)
Interest Rate Swap	150,000	2.721%	January 2019	January 2026	Other Liabilities	(9,344)
Interest Rate Swap	200,000	2.740%	January 2019	January 2026	Other Liabilities	(12,629)
						<u>\$ (24,691)</u>

During the years ended December 31, 2019, 2018, and 2017, we recorded a \$0.1 million loss, a \$0.2 million loss, and a \$0.5 million loss, respectively, on the changes in the fair value, which is included in interest expense in the consolidated statements of operations.

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, then the Company could also be declared in default on its derivative obligations. As of December 31, 2019, the fair value of derivatives in a net liability position, including accrued interest but excluding any adjustment for nonperformance risk related to these agreements, was \$29.5 million. As of December 31, 2019, the Company has not posted any collateral related to these agreements and was not in breach of any agreement provisions. If the Company had breached any of these provisions, it could have been required to settle its obligations under the agreements at their aggregate termination value of \$30.1 million at December 31, 2019.

Gains and losses on terminated hedges are included in accumulated other comprehensive income (loss), and are recognized into earnings over the term of the related mortgage obligation. Over time, the realized and unrealized gains and losses held in accumulated other comprehensive loss will be reclassified into earnings as an adjustment to interest expense in the same periods in which the hedged interest payments affect earnings. We estimate that \$0.4 million of the current balance held in accumulated other comprehensive loss will be reclassified into interest expense and \$(0.1) million of the portion related to our share of joint venture accumulated other comprehensive loss will be reclassified into equity in net income from unconsolidated joint ventures within the next 12 months.

The following table presents the effect of our derivative financial instruments and our share of our joint ventures' derivative financial instruments that are designated and qualify as hedging instruments on the consolidated statements of operations for the years ended December 31, 2019, 2018, and 2017, respectively (in thousands):

<u>Derivative</u>	<u>Amount of Loss Recognized in Other Comprehensive Loss</u>			<u>Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income</u>	<u>Amount of (Loss) Gain Reclassified from Accumulated Other Comprehensive Loss into Income</u>		
	<u>Year Ended December 31,</u>				<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>		<u>2019</u>	<u>2018</u>	<u>2017</u>
Interest Rate Swaps/Caps	\$ (33,907)	\$ (2,284)	\$ (2,282)	Interest expense	\$ (261)	\$ 1,168	\$ 1,816
Share of unconsolidated joint ventures' derivative instruments	(10,322)	(1,788)	(200)	Equity in net income from unconsolidated joint ventures	256	1,097	980
	<u>\$ (44,229)</u>	<u>\$ (4,072)</u>	<u>\$ (2,482)</u>		<u>\$ (5)</u>	<u>\$ 2,265</u>	<u>\$ 2,796</u>

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18. Rental Income

The Operating Partnership is the lessor and the sublessor to tenants under operating leases with expiration dates ranging from January 1, 2020 to 2052. The minimum rental amounts due under the leases are generally either subject to scheduled fixed increases or adjustments. The leases generally also require that the tenants reimburse us for increases in certain operating costs and real estate taxes above their base year costs. Approximate future minimum rents to be received over the next five years and thereafter for non-cancelable operating leases in effect at December 31, 2019 for the consolidated properties, including consolidated joint venture properties, and our share of unconsolidated joint venture properties are as follows (in thousands):

	Consolidated Properties	Unconsolidated Properties
2020	\$ 799,001	\$ 390,725
2021	651,815	397,524
2022	600,912	380,598
2023	536,835	354,621
2024	496,476	325,459
Thereafter	2,938,340	1,986,928
	<u>\$ 6,023,379</u>	<u>\$ 3,835,855</u>

As of December 31, 2018, under ASC 840, approximate future minimum rents to be received over the next five years and thereafter for non-cancelable operating leases for the consolidated properties, including consolidated joint venture properties, and our share of unconsolidated joint venture properties are as follows (in thousands):

	Consolidated Properties	Unconsolidated Properties
2019	\$ 830,336	\$ 348,060
2020	765,610	375,228
2021	625,956	380,886
2022	562,250	348,222
2023	500,499	333,501
Thereafter	3,272,014	2,098,995
	<u>\$ 6,556,665</u>	<u>\$ 3,884,892</u>

The components of lease revenues were as follows (in thousands):

	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018
Fixed lease payments	\$ 858,587	\$ 858,160
Variable lease payments	120,496	113,596
Total lease payments	<u>\$ 979,083</u>	<u>\$ 971,756</u>
Amortization of acquired above and below-market leases	4,474	6,818
Total rental revenue	<u>\$ 983,557</u>	<u>\$ 978,574</u>

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

19. Benefit Plans

The building employees are covered by multi-employer defined benefit pension plans and post-retirement health and welfare plans. We participate in the Building Service 32BJ, or Union, Pension Plan and Health Plan. The Pension Plan is a multi-employer, non-contributory defined benefit pension plan that was established under the terms of collective bargaining agreements between the Service Employees International Union, Local 32BJ, the Realty Advisory Board on Labor Relations, Inc. and certain other employees. This Pension Plan is administered by a joint board of trustees consisting of union trustees and employer trustees and operates under employer identification number 13-1879376. The Pension Plan year runs from July 1 to June 30. Employers contribute to the Pension Plan at a fixed rate on behalf of each covered employee. Separate actuarial information regarding such pension plans is not made available to the contributing employers by the union administrators or trustees, since the plans do not maintain separate records for each reporting unit. However, on September 28, 2017, September 28, 2018, and September 27, 2019, the actuary certified that for the plan years beginning July 1, 2017, July 1, 2018, and July 1, 2019, the Pension Plan was in critical status under the Pension Protection Act of 2006. The Pension Plan trustees adopted a rehabilitation plan consistent with this requirement. No surcharges have been paid to the Pension Plan as of December 31, 2019. For the Pension Plan years ended June 30, 2019, 2018, and 2017, the plan received contributions from employers totaling \$290.1 million, \$272.3 million, and \$257.8 million. Our contributions to the Pension Plan represent less than 5.0% of total contributions to the plan.

The Health Plan was established under the terms of collective bargaining agreements between the Union, the Realty Advisory Board on Labor Relations, Inc. and certain other employers. The Health Plan provides health and other benefits to eligible participants employed in the building service industry who are covered under collective bargaining agreements, or other written agreements, with the Union. The Health Plan is administered by a Board of Trustees with equal representation by the employers and the Union and operates under employer identification number 13-2928869. The Health Plan receives contributions in accordance with collective bargaining agreements or participation agreements. Generally, these agreements provide that the employers contribute to the Health Plan at a fixed rate on behalf of each covered employee. For the Health Plan years ended, June 30, 2019, 2018, and 2017, the plan received contributions from employers totaling \$1.5 billion, \$1.4 billion and \$1.3 billion, respectively. Our contributions to the Health Plan represent less than 5.0% of total contributions to the plan.

Contributions we made to the multi-employer plans for the years ended December 31, 2019, 2018 and 2017 are included in the table below (in thousands):

Benefit Plan	2019	2018	2017
Pension Plan	\$ 3,103	\$ 3,017	\$ 3,856
Health Plan	9,949	9,310	11,426
Other plans	1,108	1,106	1,463
Total plan contributions	<u>\$ 14,160</u>	<u>\$ 13,433</u>	<u>\$ 16,745</u>

401(K) Plan

In August 1997, we implemented a 401(K) Savings/Retirement Plan, or the 401(K) Plan, to cover eligible employees of ours, and any designated affiliate. The 401(K) Plan permits eligible employees to defer up to 15% of their annual compensation, subject to certain limitations imposed by the Code. The employees' elective deferrals are immediately vested and non-forfeitable upon contribution to the 401(K) Plan. During 2003, we amended our 401(K) Plan to provide for discretionary matching contributions only. For 2019 and 2018, a matching contribution equal to 100% of the first 4% of annual compensation was made. For 2017, a matching contribution equal to 50% of the first 6% of annual compensation was made. For the years ended December 31, 2019 and December 31, 2018, we made matching contributions of \$1.6 million and \$1.1 million, respectively. For the year ended December 31, 2017, we made a matching contribution of \$1.0 million.

20. Commitments and Contingencies

Legal Proceedings

As of December 31, 2019, the Company and the Operating Partnership were not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against us or our portfolio which if adversely determined could have a material adverse impact on us.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

Environmental Matters

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

Employment Agreements

We have entered into employment agreements with certain executives, which expire between January 2021 and January 2022. The minimum cash-based compensation, including base salary and guaranteed bonus payments, associated with these employment agreements total \$3.3 million for 2020.

Insurance

We maintain “all-risk” property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism, excluding nuclear, biological, chemical, and radiological terrorism (“NBCR”), within three property insurance programs and liability insurance. Separate property and liability coverage may be purchased on a stand-alone basis for certain assets, such as the development of One Vanderbilt. Additionally, one of our captive insurance companies, Belmont Insurance Company, or Belmont, provides coverage for NBCR terrorist acts above a specified trigger. Belmont's retention is reinsured by our other captive insurance company, Ticonderoga Insurance Company (“Ticonderoga”). If Belmont or Ticonderoga are required to pay a claim under our insurance policies, we would ultimately record the loss to the extent of required payments. However, there is no assurance that in the future we will be able to procure coverage at a reasonable cost. Further, if we experience losses that are uninsured or that exceed policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. Additionally, our debt instruments contain customary covenants requiring us to maintain insurance and we could default under our debt instruments if the cost and/or availability of certain types of insurance make it impractical or impossible to comply with such covenants relating to insurance. Belmont and Ticonderoga provide coverage solely on properties owned by the Company or its affiliates.

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

Belmont had loss reserves of \$2.9 million and \$4.0 million as of December 31, 2019 and 2018, respectively. Ticonderoga had no loss reserves as of December 31, 2019.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

Ground Lease Arrangements

We are a tenant under ground leases for certain properties. These leases have expirations from 2022 to 2114, or 2043 to 2114 as fully extended. Certain leases offer extension options which we assess against relevant economic factors to determine whether we are reasonably certain of exercising or not exercising the option. Lease payments associated with renewal periods that we are reasonably certain will be exercised, if any, are included in the measurement of the corresponding lease liability and right of use asset.

Certain of our ground leases are subject to rent resets, generally based on a percentage of the then fair market value, a fixed amount, or a percentage of the preceding rent at specified future dates. Rent resets will be recognized in the periods in which they are incurred.

The table below summarizes our current ground lease arrangements as of December 31, 2019:

Property ⁽¹⁾	Year of Current Expiration	Year of Final Expiration ⁽²⁾
1185 Avenue of the Americas	2043	2043
625 Madison Avenue	2022	2054
420 Lexington Avenue	2050	2080
711 Third Avenue ⁽³⁾	2033	2083
461 Fifth Avenue ⁽⁴⁾	2027	2084
1055 Washington Blvd, Stamford, Connecticut	2090	2090
1080 Amsterdam Avenue ⁽⁵⁾	2111	2111
30 East 40th Street ⁽⁵⁾	2114	2114
Other	Various	Various

- (1) All leases are classified as operating leases unless otherwise specified.
- (2) Reflects exercise of all available renewal options.
- (3) The Company owns 50% of the fee interest.
- (4) The Company has an option to purchase the ground lease for a fixed price on a specific date.
- (5) A portion of the lease is classified as a financing lease.

The following is a schedule of future minimum lease payments under financing leases and operating leases with initial terms in excess of one year as of December 31, 2019 (in thousands):

	Financing leases	Operating leases ⁽¹⁾
2020	\$ 2,619	\$ 31,508
2021	2,794	31,702
2022	2,794	29,548
2023	2,794	27,243
2024	2,819	27,263
Thereafter	814,283	649,289
Total minimum lease payments	\$ 828,103	\$ 796,553
Amount representing interest	(783,655)	
Amount discounted using incremental borrowing rate		(414,882)
Lease liabilities	\$ 44,448	\$ 381,671

- (1) As of December 31, 2019, the total minimum sublease rentals to be received in the future under non-cancelable subleases is \$1.6 billion.

During the twelve months ended December 31, 2019, we recognized \$4.5 million of financing lease costs, of which \$3.2 million represented interest and \$1.2 million represented amortization of the right-of-use assets. These amounts are included in interest expense, net of interest income and depreciation and amortization in our consolidated statements of operations, respectively.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

During the twelve months ended December 31, 2019, we recognized 33.2 million of operating lease costs, which is calculated on a straight-line basis over the remaining lease terms. This amount is included in operating lease rent in our consolidated statements of operations.

As of December 31, 2019, the weighted-average discount rate used to calculate the lease liabilities was 8.49%. As of December 31, 2019, the weighted-average remaining lease term was 67 years.

21. Segment Information

The Company has two reportable segments, real estate and debt and preferred equity investments. We evaluate real estate performance and allocate resources based on earnings contributions.

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, insurance, real estate taxes and ground rent expense (at certain applicable properties). See Note 5, "Debt and Preferred Equity Investments," for additional details on our debt and preferred equity investments.

Selected consolidated results of operations for the years ended December 31, 2019, 2018, and 2017, and selected asset information as of December 31, 2019 and 2018, regarding our operating segments are as follows (in thousands):

	Real Estate Segment	Debt and Preferred Equity Segment	Total Company
Total revenues			
Years ended:			
December 31, 2019	\$ 1,043,405	\$ 195,590	\$ 1,238,995
December 31, 2018	1,025,900	201,492	1,227,392
December 31, 2017	1,317,602	193,871	1,511,473
Net Income			
Years ended:			
December 31, 2019	\$ 158,972	\$ 132,515	\$ 291,487
December 31, 2018	129,253	141,603	270,856
December 31, 2017	(69,294)	170,363	101,069
Total assets			
As of:			
December 31, 2019	\$ 11,063,155	\$ 1,703,165	\$ 12,766,320
December 31, 2018	10,481,594	2,269,764	12,751,358

Interest costs for the debt and preferred equity segment include actual costs incurred for borrowings on the 2016 MRA and 2017 MRA. Interest is imputed on the investments that do not collateralize the 2016 MRA or 2017 MRA using our weighted average corporate borrowing cost. We also allocate loan loss reserves, net of recoveries, and transaction related costs to the debt and preferred equity segment. We do not allocate marketing, general and administrative expenses to the debt and preferred equity segment since the use of personnel and resources is dependent on transaction volume between the two segments and varies period over period. In addition, we base performance on the individual segments prior to allocating marketing, general and administrative expenses. For the years ended, December 31, 2019, 2018, and 2017 marketing, general and administrative expenses totaled \$100.9 million, \$92.6 million, and \$100.5 million respectively. All other expenses, except interest, relate entirely to the real estate assets.

There were no transactions between the above two segments.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

22. Quarterly Financial Data of the Company (unaudited)

Summarized quarterly financial data for the years ended December 31, 2019 and 2018 was as follows (in thousands, except for per share amounts):

2019 Quarter Ended	December 31	September 30	June 30	March 31
Total revenues	\$ 308,082	\$ 313,634	\$ 313,024	\$ 304,255
Total expenses	(252,712)	(263,341)	(258,383)	(260,328)
Equity in net loss from unconsolidated joint ventures	(11,874)	(9,864)	(7,546)	(5,234)
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	—	—	59,015	17,166
Purchase price and other fair value adjustments	—	3,799	67,631	(2,041)
(Loss) gain on sale of real estate, net	(19,241)	3,541	—	(1,049)
Depreciable real estate reserves and impairment	—	(7,047)	—	—
Noncontrolling interests and preferred unit distributions	(3,086)	(3,827)	(8,901)	(5,239)
Net income attributable to SL Green	<u>21,169</u>	<u>36,895</u>	<u>164,840</u>	<u>47,530</u>
Perpetual preferred stock dividends	(3,737)	(3,738)	(3,737)	(3,738)
Net income (loss) attributable to SL Green common stockholders	<u>\$ 17,432</u>	<u>\$ 33,157</u>	<u>\$ 161,103</u>	<u>\$ 43,792</u>
Net income attributable to common stockholders per common share—basic	<u>\$ 0.21</u>	<u>\$ 0.40</u>	<u>\$ 1.94</u>	<u>\$ 0.52</u>
Net income attributable to common stockholders per common share—diluted	<u>\$ 0.21</u>	<u>\$ 0.40</u>	<u>\$ 1.94</u>	<u>\$ 0.52</u>
2018 Quarter Ended	December 31	September 30	June 30	March 31
Total revenues	\$ 317,036	\$ 307,545	\$ 301,116	\$ 301,695
Total expenses	(267,678)	(265,553)	(258,303)	(258,282)
Equity in net (loss) income from unconsolidated joint ventures	(2,398)	971	4,702	4,036
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate	167,445	70,937	72,025	(6,440)
Purchase price and other fair value adjustments	—	(3,057)	11,149	49,293
(Loss) gain on sale of real estate, net	(36,984)	(2,504)	(14,790)	23,521
Depreciable real estate reserves and impairment	(220,852)	(6,691)	—	—
Loss on early extinguishment of debt	(14,889)	(2,194)	—	—
Noncontrolling interests and preferred unit distributions	838	(7,507)	(8,606)	(8,319)
Net (loss) income attributable to SL Green	<u>(57,482)</u>	<u>91,947</u>	<u>107,293</u>	<u>105,504</u>
Perpetual preferred stock dividends	(3,737)	(3,738)	(3,737)	(3,738)
Net (loss) income attributable to SL Green common stockholders	<u>\$ (61,219)</u>	<u>\$ 88,209</u>	<u>\$ 103,556</u>	<u>\$ 101,766</u>
Net (loss) income attributable to common stockholders per common share—basic	<u>\$ (0.73)</u>	<u>\$ 1.03</u>	<u>\$ 1.19</u>	<u>\$ 1.12</u>
Net (loss) income attributable to common stockholders per common share—diluted	<u>\$ (0.73)</u>	<u>\$ 1.03</u>	<u>\$ 1.19</u>	<u>\$ 1.12</u>

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2019

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

Summarized quarterly financial data for the years ended December 31, 2019 and 2018 was as follows (in thousands, except for per share amounts):

2019 Quarter Ended	December 31	September 30	June 30	March 31
Total revenues	\$ 308,082	\$ 313,634	\$ 313,024	\$ 304,255
Total expenses	(252,713)	(263,341)	(258,383)	(260,328)
Equity in net loss from unconsolidated joint ventures	(11,874)	(9,864)	(7,546)	(5,234)
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	—	—	59,015	17,166
Purchase price and other fair value adjustments	—	3,799	67,631	(2,041)
(Loss) gain on sale of real estate, net	(19,241)	3,541	—	(1,049)
Depreciable real estate reserves and impairment	—	(7,047)	—	—
Noncontrolling interests and preferred unit distributions	(2,091)	(2,108)	(591)	(2,961)
Net income attributable to SLGOP	<u>22,163</u>	<u>38,614</u>	<u>173,150</u>	<u>49,808</u>
Perpetual preferred units distributions	(3,737)	(3,738)	(3,737)	(3,738)
Net income attributable to SLGOP common unitholders	<u>\$ 18,426</u>	<u>\$ 34,876</u>	<u>\$ 169,413</u>	<u>\$ 46,070</u>
Net income attributable to common unitholders per common share—basic	<u>\$ 0.21</u>	<u>\$ 0.40</u>	<u>\$ 1.94</u>	<u>\$ 0.52</u>
Net income attributable to common unitholders per common share—diluted	<u>\$ 0.21</u>	<u>\$ 0.40</u>	<u>\$ 1.94</u>	<u>\$ 0.52</u>
2018 Quarter Ended	December 31	September 30	June 30	March 31
Total revenues	\$ 317,036	\$ 307,545	\$ 301,116	\$ 301,695
Total expenses	(267,678)	(265,553)	(258,303)	(258,282)
Equity in net (loss) income from unconsolidated joint ventures	(2,398)	971	4,702	4,036
Equity in net gain (loss) on sale of interest in unconsolidated joint venture/real estate	167,445	70,937	72,025	(6,440)
Purchase price and other fair value adjustments	—	(3,057)	11,149	49,293
(Loss) gain on sale of real estate, net	(36,984)	(2,504)	(14,790)	23,521
Depreciable real estate reserves and impairment	(220,852)	(6,691)	—	—
Loss on early extinguishment of debt	(14,889)	(2,194)	—	—
Noncontrolling interests and preferred unit distributions	(2,601)	(2,710)	(3,020)	(3,047)
Net (loss) income attributable to SLGOP	<u>(60,921)</u>	<u>96,744</u>	<u>112,879</u>	<u>110,776</u>
Perpetual preferred units distributions	(3,737)	(3,738)	(3,737)	(3,738)
Net (loss) income attributable to SLGOP common unitholders	<u>\$ (64,658)</u>	<u>\$ 93,006</u>	<u>\$ 109,142</u>	<u>\$ 107,038</u>
Net (loss) income attributable to common unitholders per common share—basic	<u>\$ (0.73)</u>	<u>\$ 1.03</u>	<u>\$ 1.19</u>	<u>\$ 1.12</u>
Net (loss) income attributable to common unitholders per common share—diluted	<u>\$ (0.73)</u>	<u>\$ 1.03</u>	<u>\$ 1.19</u>	<u>\$ 1.12</u>

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Schedule II - Valuation and Qualifying Accounts
December 31, 2019
(in thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Year	Additions Charged Against Operations	Uncollectible Accounts Written-off/ Recovery (1)	Balance at End of Year
Year Ended December 31, 2019				
Tenant and other receivables—allowance	\$ 15,702	\$ 2,760	\$ (6,093)	\$ 12,369
Deferred rent receivable—allowance	\$ 15,457	\$ 4,227	\$ (7,207)	\$ 12,477
Year Ended December 31, 2018				
Tenant and other receivables—allowance	\$ 18,637	\$ 3,726	\$ (6,661)	\$ 15,702
Deferred rent receivable—allowance	\$ 17,207	\$ 491	\$ (2,241)	\$ 15,457
Year Ended December 31, 2017				
Tenant and other receivables—allowance	\$ 16,592	\$ 6,106	\$ (4,061)	\$ 18,637
Deferred rent receivable—allowance	\$ 25,203	\$ 2,321	\$ (10,317)	\$ 17,207

(1) Includes the effect of properties that were sold and/or deconsolidated within the period.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2019
(in thousands)

Column A Description	Column B Encumbrances	Column C Initial Cost		Column D Cost Capitalized Subsequent To Acquisition		Column E Gross Amount at Which Carried at Close of Period			Column F Accumulated Depreciation	Column G Date of Construction	Column H Date Acquired	Column I Life on Which Depreciation is Computed
		Land	Building & Improvements	Land	Building & Improvements	Land	Building & Improvements	Total				
420 Lexington Ave(1)	\$ 299,165	\$ —	\$ 333,499	\$ —	\$ 192,729	\$ —	\$ 526,228	\$ 526,228	\$ 151,898	1927	3/1998	Various
711 Third Avenue(1)	—	19,844	115,769	—	59,685	19,844	175,454	195,298	52,265	1955	5/1998	Various
555 W. 57th Street(1)	—	18,846	140,946	—	544	18,846	141,490	160,336	75,340	1971	1/1999	Various
461 Fifth Avenue(1)	—	—	88,276	—	19,670	—	107,946	107,946	34,535	1988	10/2003	Various
750 Third Avenue(1)	—	51,093	251,523	—	3,449	51,093	254,972	306,065	109,685	1958	7/2004	Various
625 Madison Avenue(1)	—	—	291,319	—	14,908	—	306,227	306,227	132,531	1956	10/2004	Various
485 Lexington Avenue(1)	450,000	78,282	452,631	—	6,933	78,282	459,564	537,846	197,431	1956	12/2004	Various
609 Fifth Avenue(1)	53,773	36,677	195,481	—	41,197	36,677	236,678	273,355	44,728	1925	6/2006	Various
810 Seventh Avenue(1)	—	114,077	550,819	—	(83)	114,077	550,736	664,813	190,457	1970	1/2007	Various
1185 Avenue of the Americas(1)	—	—	791,106	—	116,573	—	907,679	907,679	292,739	1969	1/2007	Various
1350 Avenue of the Americas(1)	—	90,941	431,517	—	(3,792)	90,941	427,725	518,666	142,533	1966	1/2007	Various
1-6 Landmark Square(2)	100,000	27,852	161,343	985	8,319	28,837	169,662	198,499	84,164	1973-1984	1/2007	Various
7 Landmark Square(2)	—	1,721	8,417	(985)	(3,939)	736	4,478	5,214	1,657	2007	1/2007	Various
1055 Washington Boulevard(2)	—	8,386	43,242	—	10,545	8,386	53,787	62,173	21,723	1987	6/2007	Various
1 Madison Avenue(1)	—	173,546	672,805	—	22,977	173,546	695,782	869,328	210,128	1960	8/2007	Various
100 Church Street(1)	209,296	34,994	183,932	—	9,181	34,994	193,113	228,107	60,198	1959	1/2010	Various
125 Park Avenue(1)	—	120,900	270,598	—	6,869	120,900	277,467	398,367	88,975	1923	10/2010	Various
Williamsburg(3)	—	6,200	10,158	—	—	6,200	10,158	16,358	2,388	2010	12/2010	Various
110 East 42nd Street(1)	—	36,196	78,353	—	3,247	36,196	81,600	117,796	21,124	1921	5/2011	Various
400 East 58th Street(1)(4)	39,094	17,549	38,749	—	373	17,549	39,122	56,671	7,091	1929	1/2012	Various
762 Madison Avenue(1)(4)	771	6,153	10,570	—	(35)	6,153	10,535	16,688	2,151	1910	1/2012	Various
304 Park Avenue(1)	—	54,489	90,643	—	630	54,489	91,273	145,762	22,172	1930	6/2012	Various
635 Sixth Avenue(1)	—	24,343	88,261	—	166	24,343	88,427	112,770	14,361	1902	9/2012	Various
641 Sixth Avenue(1)	—	45,976	77,076	—	141	45,976	77,217	123,193	18,564	1902	9/2012	Various
1080 Amsterdam(1)(5)	35,123	—	47,948	—	10,316	—	58,264	58,264	6,694	1932	10/2012	Various
315 West 33rd Street(1)	250,000	195,834	179,562	—	2,220	195,834	181,782	377,616	30,853	2000-2001	11/2013	Various
752-760 Madison Avenue(1)	—	284,286	8,314	—	12,660	284,286	20,974	305,260	2,752	1996/2012	7/2014	Various
719 Seventh Avenue(1)(6)	50,000	41,180	46,232	—	(1,693)	41,180	44,539	85,719	1,623	1927	7/2014	Various
110 Greene Street(1)	—	45,120	228,393	—	2,414	45,120	230,807	275,927	31,147	1910	7/2015	Various
185 Broadway(1)(7)	120,110	45,422	27,865	118	28,282	45,540	56,147	101,687	419	1921	8/2015	Various
30 East 40th Street(1)(8)	—	4,652	26,654	—	4,238	4,652	30,892	35,544	3,267	1927	8/2015	Various
133 Greene Street(1)	15,523	3,446	27,542	—	82	3,446	27,624	31,070	827	1900	10/2018	Various
712 Madison Avenue(1)(11)	28,000	7,207	47,397	—	18	7,207	47,415	54,622	1,185	1900/1980	12/2018	Various
106 Spring Street(1)	38,025	—	—	14,173	66,052	14,173	66,052	80,225	1,240	1900	4/2019	Various
410 Tenth Avenue(1)(9)	330,820	—	—	140,307	363,523	140,307	363,523	503,830	(3,175)	1927	5/2019	Various
Other(10)	—	1,736	16,224	(2)	1,460	1,734	17,684	19,418	4,890			
Total	\$ 2,019,700	\$ 1,596,948	\$ 6,033,164	\$ 154,596	\$ 999,859	\$ 1,751,544	\$ 7,033,023	\$ 8,784,567	\$ 2,060,560			

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2019
(in thousands)

- (1) Property located in New York, New York.
- (2) Property located in Connecticut.
- (3) Property located in Brooklyn, New York.
- (4) We own a 90.0% interest in this property.
- (5) We own a 92.5% interest in this property.
- (6) We own a 75.0% interest in this property.
- (7) Properties at 5-7 Dey Street, 183 Broadway, and 185 Broadway were demolished in preparation of the development site for the 185 Broadway project.
- (8) We own a 60.0% interest in this property.
- (9) We own a 70.9% interest in this property.
- (10) Other includes tenant improvements of eEmerge, capitalized interest and corporate improvements.
- (11) The tenant at this property has an option to purchase the fee interest for a fixed price on a specific date.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2019
(in thousands)

The changes in real estate for the years ended December 31, 2019, 2018 and 2017 are as follows (in thousands):

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 8,513,935	\$ 10,206,122	\$ 12,743,332
Property acquisitions	—	52,939	13,323
Improvements	251,674	267,726	342,014
Retirements/disposals/deconsolidation	18,958	(2,012,852)	(2,892,547)
Balance at end of year	<u>\$ 8,784,567</u>	<u>\$ 8,513,935</u>	<u>\$ 10,206,122</u>

The aggregate cost of land, buildings and improvements, before depreciation, for Federal income tax purposes at December 31, 2019 was \$10.3 billion (unaudited).

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, and furniture and fixtures, for the years ended December 31, 2019, 2018 and 2017 are as follows (in thousands):

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 2,099,137	\$ 2,300,116	\$ 2,264,694
Depreciation for year	222,867	245,033	347,015
Retirements/disposals/deconsolidation	(261,444)	(446,012)	(311,593)
Balance at end of year	<u>\$ 2,060,560</u>	<u>\$ 2,099,137</u>	<u>\$ 2,300,116</u>

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of SL Green Realty Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SL Green Realty Corp. (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedules listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Adoption of ASU No. 2016-02

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for leases in 2019 due to the adoption of ASU No. 2016-02, *Leases (Topic 842)*, and the related amendments.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

SL Green Realty Corp.
Joint Venture Consolidation Assessment

Description of the Matter The Company accounted for certain investments in real estate joint ventures under the equity method of accounting and consolidated certain other investments in real estate joint ventures. At December 31, 2019, the Company's investments in unconsolidated joint ventures was \$2.9 billion and noncontrolling interests in consolidated other partnerships was \$75.9 million. As discussed in Note 2 to the consolidated financial statements, for each joint venture, the Company evaluated the rights provided to each party in the venture to assess the consolidation of the venture.

Auditing management's joint venture consolidation analyses was complex and highly judgmental due to the subjectivity in assessing which activities most significantly impact a joint venture's economic performance based on the purpose and design of the entity over the duration of its expected life and assessing which party has rights to direct those activities.

How We Addressed the Matter in Our Audit We tested the Company's controls over the assessment of joint venture consolidation. For example, we tested controls over management's review of the consolidation analyses for newly formed ventures as well as controls over management's identification of reconsideration events which could trigger modified consolidation conclusions for existing ventures.

To test the Company's consolidation assessment for real estate joint ventures, our procedures included, among others, reviewing new and amended joint venture agreements and discussing with management the nature of the rights conveyed to the Company through the joint venture agreements as well as the business purpose of the joint venture transactions. We reviewed management's assessment of the activities that would most significantly impact the joint venture's economic performance and evaluated whether the joint venture agreements provided participating or protective rights to the Company. We also evaluated transactions with the joint ventures for events which would require a reconsideration of previous consolidation conclusions.

Ernst & Young LLP

We have served as the Company's auditor since 1997.

New York, New York

February 28, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of SL Green Realty Corp.

Opinion on Internal Control Over Financial Reporting

We have audited SL Green Realty Corp.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, SL Green Realty Corp. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2019 consolidated financial statements of the Company and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst & Young LLP

New York, New York

February 28, 2020

Report of Independent Registered Public Accounting Firm

To the Partners of SL Green Operating Partnership, L.P.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SL Green Operating Partnership, L.P. (the Operating Partnership) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, capital and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedules listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Operating Partnership at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Operating Partnership's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Adoption of ASU No. 2016-02

As discussed in Note 2 to the consolidated financial statements, the Operating Partnership changed its method of accounting for leases in 2019 due to the adoption of ASU No. 2016-02, *Leases (Topic 842)*, and the related amendments.

Basis for Opinion

These financial statements are the responsibility of the Operating Partnership's management. Our responsibility is to express an opinion on the Operating Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Operating Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the Operating Partnership's auditor since 2010.

New York, New York

February 28, 2020

Report of Independent Registered Public Accounting Firm

To the Partners of SL Green Operating Partnership, L.P.

Opinion on Internal Control Over Financial Reporting

We have audited SL Green Operating Partnership L.P.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, SL Green Operating Partnership, L.P. (the Operating Partnership) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2019 consolidated financial statements of the Operating Partnership and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Operating Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Operating Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Operating Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst & Young LLP

New York, New York

February 28, 2020

CONTROLS AND PROCEDURES

SL GREEN REALTY CORP.

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) of the Exchange Act. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports. Also, the Company has investments in certain unconsolidated entities. As the Company does not control these entities, its disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those the Company maintains with respect to its consolidated subsidiaries.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation as of the end of the period covered by this report, the Company's Chief Executive Officer and Chief Financial Officer concluded that its disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to the Company that would potentially be subject to disclosure under the Exchange Act and the rules and regulations promulgated thereunder.

Management's Report on Internal Control over Financial Reporting

The Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2019 based on the framework in Internal Control —Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (COSO). Based on that evaluation, the Company concluded that its internal control over financial reporting was effective as of December 31, 2019.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2019 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the Company's internal control over financial reporting during the year ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

SL GREEN OPERATING PARTNERSHIP, L.P.

Evaluation of Disclosure Controls and Procedures

The Operating Partnership maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Operating Partnership's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Operating Partnership's management, including the Chief Executive Officer and Chief Financial Officer of the Operating Partnership's general partner, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) of the Exchange Act. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Operating Partnership to disclose material information otherwise required to be set forth in the Operating Partnership's periodic reports. Also, the Operating Partnership has investments in certain unconsolidated entities. As the Operating Partnership does not control these entities, the Operating Partnership's disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those it maintains with respect to its consolidated subsidiaries.

As of the end of the period covered by this report, the Operating Partnership carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer of the Operating Partnership's general partner, of the effectiveness of the design and operation of the Operating Partnership's disclosure controls and procedures. Based upon that evaluation as of the end of the period covered by this report, the Chief Executive Officer and Chief Financial Officer of the Operating Partnership's general partner concluded that the Operating Partnership's disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to the Operating Partnership that would potentially be subject to disclosure under the Exchange Act and the rules and regulations promulgated thereunder.

Management's Report on Internal Control over Financial Reporting

The Operating Partnership is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15 (f) and 15d-15 (f). Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer of the Operating Partnership's general partner, the Operating Partnership conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2019 based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (COSO). Based on that evaluation, the Operating Partnership concluded that its internal control over financial reporting was effective as of December 31, 2019.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

The effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2019 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the Operating Partnership's internal control over financial reporting during the year ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

MARKET FOR REGISTRANTS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

SL GREEN REALTY CORP.

Our common stock trades on the New York Stock Exchange, or the NYSE, under the symbol "SLG." On February 27, 2020, the reported closing sale price per share of common stock on the NYSE was \$80.44 and there were 454 holders of record of our common stock.

SL GREEN OPERATING PARTNERSHIP, L.P.

At December 31, 2019, there were 4,195,875 units of limited partnership interest of the Operating Partnership outstanding and held by persons other than the Company, which received distributions per unit of the same amount and in the same manner as dividends per share were distributed to common stockholders.

There is no established public trading market for the common units of the Operating Partnership. On February 27, 2020, there were 34 holders of record and 82,066,533 common units outstanding, 77,935,496 of which were held by SL Green.

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

Each time SL Green issues shares of stock (other than in exchange for common units of limited partnership interest of the Operating Partnership, or OP Units, when such OP Units are presented for redemption), it contributes the proceeds of such issuance to the Operating Partnership in return for an equivalent number of units of limited partnership interest with rights and preferences analogous to the shares issued.

ISSUER PURCHASES OF EQUITY SECURITIES

In August 2016, our Board of Directors approved a share repurchase program under which we can buy up to \$1.0 billion of shares of our common stock. The Board of Directors has since authorized four separate \$500.0 million increases to the size of the share repurchase program in the fourth quarter of 2017, second quarter of 2018, fourth quarter of 2018, and fourth quarter of 2019 bringing the total program size to \$3.0 billion.

At December 31, 2019 repurchases executed under the program were as follows:

Period	Shares repurchased	Average price paid per share	Cumulative number of shares repurchased as part of the repurchase plan or programs
Year ended 2017	8,342,411	\$101.64	8,342,411
Year ended 2018	9,744,911	\$96.22	18,087,322
Year ended 2019	4,596,171	\$83.62	22,683,493

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

During the year ended December 31, 2019, we issued 5,013 shares of our common stock to holders of units of limited partnership interest in the Operating Partnership upon the redemption of such units pursuant to the partnership agreement of the Operating Partnership. During the years ended December 31, 2018 and 2017, we issued 160,466 and 201,696 shares of our common stock, respectively, to holders of units of limited partnership interest in the Operating Partnership upon the redemption of such units pursuant to the partnership agreement of the Operating Partnership. The issuance of such shares was exempt from registration under the Securities Act, pursuant to the exemption contemplated by Section 4(a)(2) thereof for transactions not involving a public offering. The units were exchanged for an equal number of shares of our common stock.

The following table summarizes information, as of December 31, 2019, relating to our equity compensation plans pursuant to which shares of our common stock or other equity securities may be granted from time to time.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders ⁽¹⁾	3,838,427 ⁽²⁾	\$ 101.69 ⁽³⁾	4,435,096 ⁽⁴⁾
Equity compensation plans not approved by security holders	—	—	—
Total	3,838,427	\$ 101.69	4,435,096

- (1) Includes our Fourth Amended and Restated 2005 Stock Option and Incentive Plan, Amended 1997 Stock Option and Incentive Plan, as amended, and 2008 Employee Stock Purchase Plan.
- (2) Includes (i) 1,037,068 shares of common stock issuable upon the exercise of outstanding options (914,929 of which are vested and exercisable), (ii) 21,500 restricted stock units and 128,946 phantom stock units that may be settled in shares of common stock (128,946 of which are vested), (iii) 2,394,267 LTIP units that, upon the satisfaction of certain conditions, are convertible into common units, which may be presented to us for redemption and acquired by us for shares of our common stock (1,781,709 of which are vested).
- (3) Because there is no exercise price associated with restricted stock units, phantom stock units or LTIP units, these awards are not included in the weighted-average exercise price calculation.
- (4) Balance is after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units. The number of securities remaining available consists of shares remaining available for issuance under our 2008 Employee Stock Purchase Plan and Third Amended and Restated 2005 Stock Option and Incentive Plan.

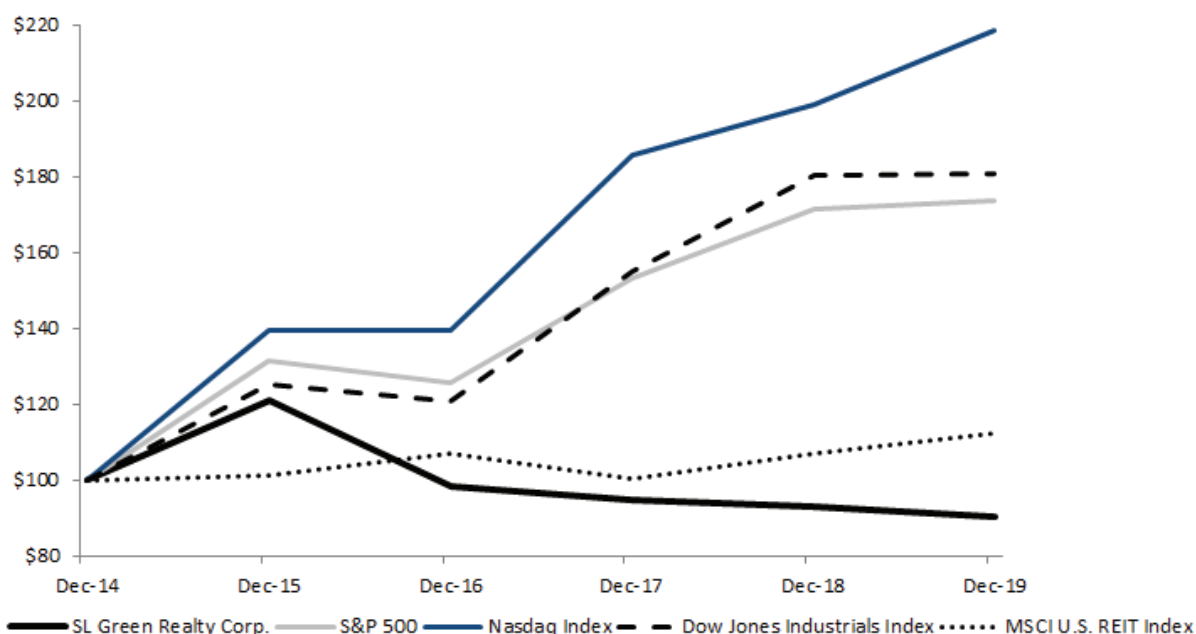
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Funds From Operations (FFO) Reconciliation

Below are reconciliations of net income attributable to our stockholders to FFO per share and Normalized FFO per share for the years ended December 31, 2019, and 2018 (amounts in thousands, except per share data).

	Twelve Months Ended December 31,	
	2019	2018
FFO Reconciliation:		
Net income attributable to SL Green common stockholders	\$255,484	\$232,312
<u>Add:</u>		
Depreciation and amortization	272,358	279,507
Joint venture depreciation and noncontrolling interest adjustments	192,426	187,147
Net income attributable to noncontrolling interests	10,142	12,210
<u>Less:</u>		
Loss on sale of real estate, net	(16,749)	(30,757)
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	76,181	303,967
Purchase price and other fair value adjustments	69,389	57,385
Depreciable real estate reserves	(7,047)	(227,543)
Depreciation on non-rental real estate assets	2,935	2,404
FFO attributable to SL Green common stockholders	\$ 605,701	\$ 605,720
FFO attributable to the early repayment of the debt at One Madison Avenue in 2018	-	(14,889)
Normalized FFO attributable to SL Green common stockholders	\$ 605,701	\$ 620,609
Diluted weighted average shares and units outstanding	86,562	91,530
FFO / Normalized FFO per share	\$ 7.00	\$ 6.78

TOTAL RETURN TO SHAREHOLDERS

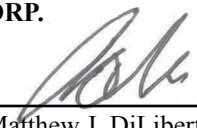


SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SL GREEN REALTY CORP.

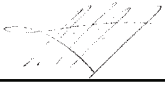



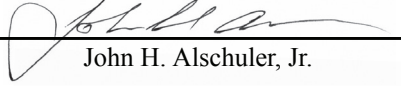
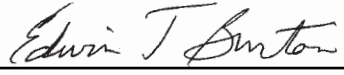


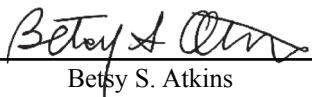
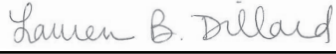
By: _____


Matthew J. DiLiberto
Chief Financial Officer

Dated: February 28, 2020

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of SL Green Realty Corp. hereby severally constitute Marc Holliday and Matthew J. DiLiberto, and each of them singly, our true and lawful attorneys and with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Annual Report on Form 10-K filed herewith and any and all amendments to said Annual Report on Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable SL Green Realty Corp. to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Annual Report on Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
 _____ Marc Holliday	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	February 28, 2020
 _____ Andrew W. Mathias	President and Director	February 28, 2020
 _____ Matthew J. DiLiberto	Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2020
 _____ Stephen L. Green	Director	February 28, 2020
 _____ John H. Alschuler, Jr.	Director	February 28, 2020
 _____ Edwin T. Burton, III	Director	February 28, 2020
 _____ John S. Levy	Director	February 28, 2020
 _____ Craig M. Hatkoff	Director	February 28, 2020
 _____ Betsy S. Atkins	Director	February 28, 2020
 _____ Lauren B. Dillard	Director	February 28, 2020

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SL GREEN OPERATING PARTNERSHIP, L.P.

By: SL Green Realty Corp.

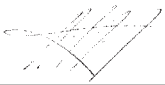







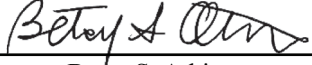



By: _____
Matthew J. DiLiberto
Chief Financial Officer

Dated: February 28, 2020

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of SL Green Realty Corp., the sole general partner of SL Green Operating Partnership, L.P., hereby severally constitute Marc Holliday and Matthew J. DiLiberto, and each of them singly, our true and lawful attorneys and with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Annual Report on Form 10-K filed herewith and any and all amendments to said Annual Report on Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable SL Green Operating Partnership, L.P. to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Annual Report on Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
 Marc Holliday	Chairman of the Board of Directors and Chief Executive Officer of SL Green, the sole general partner of the Operating Partnership (Principal Executive Officer)	February 28, 2020
 Andrew W. Mathias	President and Director of SL Green, the sole general partner of the Operating Partnership	February 28, 2020
 Matthew J. DiLiberto	Chief Financial Officer of SL Green, the sole general partner of the Operating Partnership (Principal Financial and Accounting Officer)	February 28, 2020
 Stephen L. Green	Director of SL Green, the sole general partner of the Operating Partnership	February 28, 2020
 John H. Alschuler, Jr.	Director of SL Green, the sole general partner of the Operating Partnership	February 28, 2020
 Edwin T. Burton, III	Director of SL Green, the sole general partner of the Operating Partnership	February 28, 2020
 John S. Levy	Director of SL Green, the sole general partner of the Operating Partnership	February 28, 2020
 Craig M. Hatkoff	Director of SL Green, the sole general partner of the Operating Partnership	February 28, 2020
 Betsy S. Atkins	Director of SL Green, the sole general partner of the Operating Partnership	February 28, 2020
 Lauren B. Dillard	Director of SL Green, the sole general partner of the Operating Partnership	February 28, 2020

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (i) Registration Statement (Form S-3 Nos. 333-70111, 333-30394, 333-62434, 333-126058, 333-228887 and 333-223209) of SL Green Realty Corp. and the related Prospectuses;
- (ii) Registration Statement (Form S-8 Nos. 333-61555, 333-87485, 333-89964, 333-127014, 333-143721, 333-189362 and 333-212108) pertaining to the Stock Option and Incentive Plans of SL Green Realty Corp., and
- (iii) Registration Statement (Form S-8 No. 333-148973) pertaining to the 2008 Employee Stock Purchase Plan of SL Green Realty Corp.,

of our reports dated February 28, 2020, with respect to the consolidated financial statements of SL Green Realty Corp and the effectiveness of internal control over financial reporting of SL Green Realty Corp., included in this Annual Report (Form 10-K) of SL Green Realty Corp for the year ended December 31, 2019.

Ernst & Young LLP

New York, New York
February 28, 2020

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-228887) of SL Green Operating Partnership, L.P. and in the related Prospectus of our reports dated February 28, 2020, with respect to the consolidated financial statements of SL Green Operating Partnership, L.P., and the effectiveness of internal control over financial reporting of SL Green Operating Partnership, L.P., included in this Annual Report (Form 10-K) for the year ended December 31, 2019.

New York, New York
February 28, 2020

Ernst + Young LLP

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

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

Date: February 28, 2020

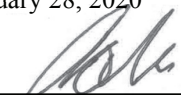


Name: Marc Holliday
 Title: Chairman and Chief Executive Officer

CERTIFICATION**I, Matthew J. DiLiberto, certify that:**

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

Date: February 28, 2020



Name: Matthew J. DiLiberto
Title: Chief Financial Officer

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

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

Date: February 28, 2020

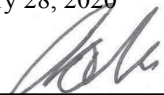


Name: Marc Holliday
 Title: Chairman and Chief Executive Officer
 of SL Green Realty Corp., the
 general partner of the registrant

CERTIFICATION**I, Matthew J. DiLiberto, certify that:**

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

Date: February 28, 2020

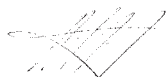


Name: Matthew J. DiLiberto
 Title: Chief Financial Officer
 of SL Green Realty Corp., the
 general partner of the registrant

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

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

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



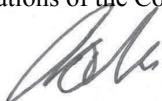
Name: Marc Holliday
Title: Chairman and Chief Executive Officer

February 28, 2020

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

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

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



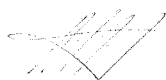
Name: Matthew J. DiLiberto
Title: Chief Financial Officer

February 28, 2020

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

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

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



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

February 28, 2020

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

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

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



Name: Matthew J. DiLiberto
Title: Chief Financial Officer
of SL Green Realty Corp., the
general partner of the Operating Partnership

February 28, 2020

Corporate Directory

Board of Directors

Marc Holliday
Chairman & Chief Executive Officer

Andrew W. Mathias
President

Stephen L. Green
Chairman Emeritus

John H. Alschuler, Jr.
Lead Independent Director;
President, HR&A Advisors Inc.

Edwin T. Burton, III
Professor of Economics,
University of Virginia

John S. Levy
Chairman, Private Investor

Craig M. Hatkoff
Co-founder, Tribeca Film Festival;
Chairman, Turtle Pond Publications, LLC

Betsy Atkins
President and CEO, Baja LLC

Lauren B. Dillard
Managing Director and
Executive Vice President,
Global Information Service,
Nasdaq

Executive Officers

Marc Holliday
Chairman & Chief Executive Officer

Andrew W. Mathias
President

Matthew J. DiLiberto
Chief Financial Officer

Andrew S. Levine
Chief Legal Officer,
General Counsel

Counsel

Skadden, Arps, Slate,
Meagher & Flom LLP
New York, NY

Auditors

Ernst & Young LLP
New York, NY

Registrar & Transfer Agent

Computershare Investor Services
P.O. Box 505000
Louisville, KY 40233-5000
Tel: 866-230-9138
www.computershare.com/investor

Stock Listing

NYSE Symbol:
SLG, SLG PrI

Investor Relations

420 Lexington Avenue
New York, NY 10170
Tel: 212-216-1654
E-mail:
investor.relations@slgreen.com

www.slgreen.com

Executive Offices

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SL GREEN REALTY CORP.

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