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

FORM 10-Q

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

For the quarterly period ended March 31, 2015

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

For the transition period from to

Commission File Number: 033-84580

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

Delaware	**11-3233647**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO o

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

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

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

As of May 11, 2015, no common units of limited partnership interest of the Registrant were held by non-affiliates of the Registrant. There is no established trading market for such units.

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ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2015	December 31, 2014
		(as adjusted)
Assets		
Commercial real estate properties, at cost:		
Land and land interests	$ 1,595,949	$ 1,600,808
Building and improvements	4,348,348	4,342,923
Building leasehold and improvements	1,073,678	1,073,678
	7,017,975	7,017,409
Less: accumulated depreciation	(1,155,866)	(1,122,330)
	5,862,109	5,895,079
Cash and cash equivalents	50,723	34,594
Restricted cash	36,313	38,771
Tenant and other receivables, net of allowance of $6,322 and $5,820 in 2015 and 2014, respectively	21,434	25,725
Deferred rents receivable, net of allowance of $17,415 and $17,745 in 2015 and 2014, respectively	204,672	198,225
Preferred equity and other investments, net of discounts and deferred origination fees of $537 and $244 in 2015 and 2014, respectively	205,682	173,194
Deferred costs, net of accumulated amortization of $76,869 and $77,556 in 2015 and 2014, respectively	125,452	123,906
Other assets	119,664	104,256
Total assets	$ 6,626,049	$ 6,593,750
Liabilities		
Mortgages payable	$ 500,000	$ 620,000
Revolving credit facility	520,000	385,000
Term loan and senior unsecured notes	1,788,028	1,788,001
Accrued interest payable and other liabilities	23,116	27,061
Accounts payable and accrued expenses	67,255	66,347
Deferred revenue	131,804	130,441
Deferred land leases payable	1,301	1,215
Security deposits	35,432	36,122
Total liabilities	3,066,936	3,054,187
Commitments and contingencies	—	—
Capital		
General partner capital	3,213,306	3,194,448
Limited partner capital	—	—
Accumulated other comprehensive loss	(2,925)	(3,106)
Total ROP partner's capital	3,210,381	3,191,342
Noncontrolling interests in other partnerships	348,732	348,221
Total capital	3,559,113	3,539,563
Total liabilities and capital	$ 6,626,049	$ 6,593,750

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

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

	Three Months Ended March 31,	
	2015	**2014**
		(as adjusted)
Revenues		
Rental revenue, net	**$ 148,925**	$ 140,584
Escalation and reimbursement	**22,926**	21,141
Investment income	**3,603**	9,275
Other income	**659**	611
Total revenues	**176,113**	171,611
Expenses		
Operating expenses, including related party expenses of $5,902 and $5,365 in 2015 and 2014, respectively	**41,829**	38,459
Real estate taxes	**34,510**	30,990
Ground rent	**5,286**	5,235
Interest expense, net of interest income	**27,729**	31,800
Amortization of deferred financing costs	**1,947**	1,555
Depreciation and amortization	**49,338**	49,753
Transaction related costs	**16**	871
Marketing, general and administrative	**96**	76
Total expenses	**160,751**	158,739
Income from continuing operations before equity in net income from unconsolidated joint ventures and loss on early extinguishment of debt	**15,362**	12,872
Equity in net income from unconsolidated joint ventures	**849**	—
Loss on early extinguishment of debt	**(49)**	—
Income from continuing operations	**16,162**	12,872
Net income from discontinued operations	**—**	706
Net income	**16,162**	13,578
Net income attributable to noncontrolling interests in other partnerships	**(550)**	(61)
Net income attributable to ROP common unitholder	**$ 15,612**	$ 13,517
Amounts attributable to ROP common unitholder:		
Income from continuing operations	**$ 15,612**	$ 12,811
Discontinued operations	**—**	706
Net income attributable to ROP common unitholder	**$ 15,612**	$ 13,517

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

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

	Three Months Ended March 31,	
	2015	**2014**
		(as adjusted)
Net income attributable to ROP common unitholder	**$ 15,612**	$ 13,517
Other comprehensive income:		
Change in net unrealized gain on derivative instruments	**181**	198
Comprehensive income attributable to ROP common unitholder	**$ 15,793**	$ 13,715

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

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

	General Partner's Capital Class A Common Units	Limited Partner's Capital	Noncontrolling Interests In Other Partnerships	Accumulated Other Comprehensive (Loss) Income	Total Capital
Balance at December 31, 2014, as adjusted	$ 3,194,448	$ —	$ 348,221	$ (3,106)	$ 3,539,563
Contributions	381,780	—	—	—	381,780
Distributions	(378,534)	—	(39)	—	(378,573)
Net income	15,612	—	550	—	16,162
Other comprehensive income	—	—	—	181	181
Balance at March 31, 2015	**$ 3,213,306**	**$ —**	**$ 348,732**	**$ (2,925)**	**$ 3,559,113**

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

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

	Three Months Ended March 31,	
	2015	**2014**
		(as adjusted)
Operating Activities		
Net income	$ **16,162**	$ 13,578
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**51,285**	51,741
Equity in net income from unconsolidated joint venture	**(849)**	—
Distributions of cumulative earnings from unconsolidated joint ventures	**849**	—
Loss on early extinguishment of debt	**49**	—
Deferred rents receivable	**(6,117)**	(3,951)
Other non-cash adjustments	**(7,334)**	(11,669)
Changes in operating assets and liabilities:		
Restricted cash—operations	**1,870**	(7,885)
Tenant and other receivables	**3,788**	4,123
Deferred lease costs	**(5,920)**	(1,306)
Other assets	**(20,009)**	(23,434)
Accounts payable, accrued expenses and other liabilities	**5,457**	2,130
Deferred revenue and land leases payable	**5,924**	5,682
Net cash provided by operating activities	**45,155**	29,009
Investing Activities		
Additions to land, buildings and improvements	**(12,845)**	(16,914)
Escrowed cash—capital improvements	**588**	(536)
Other investments	**—**	(40,000)
Origination of preferred equity investments	**(30,619)**	—
Net cash used in investing activities	**(42,876)**	(57,450)
Financing Activities		
Repayments of mortgages and other loans payable	**(120,000)**	(1,932)
Proceeds from credit facility and senior unsecured notes	**665,000**	603,000
Repayments of credit facility and senior unsecured notes	**(530,000)**	(440,000)
Contributions from common unitholder	**381,780**	403,393
Distributions to noncontrolling interests in other partnerships	**(39)**	(1,270)
Distributions to common unitholder	**(378,534)**	(530,277)
Deferred loan costs and capitalized lease obligation	**(4,357)**	(2,621)
Net cash provided by financing activities	**13,850**	30,293
Net increase in cash and cash equivalents	**16,129**	1,852
Cash and cash equivalents at beginning of period	**34,594**	48,070
Cash and cash equivalents at end of period	$ **50,723**	$ 49,922
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Tenant improvements and capital expenditures payable	$ **5,845**	$ 5,737
Deferred leasing payable	**3,254**	144
Change in fair value of hedge	**92**	—
Transfer to assets held for sale	**—**	63,925
Transfer to liabilities related to assets held for sale	**—**	49,704

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

Reckson Operating Partnership, L.P.
Notes to Consolidated Financial Statements
March 31, 2015
(unaudited)

1. Organization and Basis of Presentation

Reckson Operating Partnership, L.P., or ROP, commenced operations on June 2, 1995. The sole general partner of ROP is a wholly-owned subsidiary of SL Green Operating Partnership, L.P., or the Operating Partnership. The sole limited partner of ROP is the Operating Partnership. The Operating Partnership is 96.22% owned by SL Green Realty Corp., or SL Green, as of March 31, 2015. SL Green is a self-administered and self-managed real estate investment trust, and is the sole managing general partner of the Operating Partnership. Unless the context requires otherwise, all references to "we," "our," "us" and the "Company" means ROP and all entities owned or controlled by ROP.

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

SL Green transferred one property and 40% of SL Green's tenancy in common interest in a fee interest, with total assets aggregating to $207.7 million during the first quarter of 2015 to ROP. Subsequent to March 31, 2014, SL Green transferred five properties with total assets aggregating to $884.3 million as of December 31, 2014 to ROP. Under the business combinations guidance (Accounting Standard Codification, or ASU, 805-50), these transfers were determined to be transfers of businesses between the indirect parent company and its wholly-owned subsidiary. As such, the assets and liabilities of the properties were transferred at their carrying value and were recorded as of the beginning of the current reporting period as though the assets and liabilities had been transferred at that date. The financial statements and financial information presented for all prior periods have been retrospectively adjusted to furnish comparative information.

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

Location	Type	Number of Properties	Approximate Square Feet	Weighted Average Occupancy(1)
Commercial:				
Manhattan	Office	14	8,135,645	93.6%
	Retail(2)	5	352,892	97.8%
	Redevelopment	1	104,000	72.5%
	Fee Interest	1	176,530	100.0%
		21	8,769,067	93.6%
Suburban	Office	20	3,417,900	80.8%
Total commercial properties		41	12,186,967	90.0%
Residential:				
Manhattan	Residential(2)	—	222,855	96.1%
Total portfolio		41	12,409,822	90.1%

(1) The weighted average occupancy for commercial properties represents the total leased square feet divided by total available rentable square feet. The weighted average occupancy for residential properties represents the total occupied units divided by total available units.
(2) As of March 31, 2015, we owned a building that was comprised of approximately 270,132 square feet of retail space and approximately 222,855 square feet of residential space. For the purpose of this report, we have included the building in the retail properties count and have bifurcated the square footage into the retail and residential components.

As of March 31, 2015, we also held a 40% tenancy in common interest in a fee interest comprised of approximately 21,124 square feet which was 100.0% occupied and preferred equity and other investments with a book value of $205.7 million.

Basis of Quarterly Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP, for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for the fair presentation of the financial position of the Company at March 31, 2015 and the results of operations for the periods presented have been included. The operating results for the period presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. These financial statements should be read in conjunction with the financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2014.

The consolidated balance sheet at December 31, 2014 has been derived from the audited financial statements as of that date, and adjusted for the transfer of two properties to ROP in March 2015 but does not include all the information and footnotes required by U.S. GAAP for complete financial statements. Also, as a result of the transfer of these two properties to ROP, the consolidated statements of income, comprehensive income and cash flows for the three months ended March 31, 2014 and related financial information have been adjusted to furnish comparative information.

2. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries, which are wholly-owned or controlled by us. Entities which we do not control through our voting interest and entities which are variable interest entities, but where we are not the primary beneficiary, are accounted for under the equity method or as preferred equity investments. See Note 5, "Preferred Equity and Other Investments." ROP's investments in majority-owned and controlled real estate joint ventures are reflected in the financial statements on a consolidated basis with a reduction for the noncontrolling partners' interests. All significant intercompany balances and transactions have been eliminated.

We consolidate a variable interest entity, or VIE, in which we are considered the primary beneficiary. The primary beneficiary is the entity that has (i) the power to direct the activities that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE.

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

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

Investment in Commercial Real Estate Properties

On a periodic basis, we assess whether there are any indications that the value of our real estate properties may be other than temporarily impaired or that their carrying value may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted and without interest charges for consolidated properties) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the calculated fair value of the property. We also evaluate our real estate properties for potential impairment when a real estate property has been classified as held for sale. Real estate assets held for sale are valued at the lower of their carrying value or fair value less costs to sell. We do not believe that the values of any of our consolidated properties were other than temporarily impaired at March 31, 2015.

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

We recognized an increase of $5.7 million and $5.8 million in rental revenue for the three months ended March 31, 2015 and 2014, respectively, for the amortization of aggregate below-market leases in excess of above-market leases and a reduction in lease origination costs, resulting from the allocation of the purchase price of the applicable properties.

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

	March 31, 2015	December 31, 2014
Identified intangible assets (included in other assets):		
Gross amount	**$ 296,971**	$ 294,934
Accumulated amortization	**(222,849)**	(216,231)
Net	**$ 74,122**	$ 78,703
Identified intangible liabilities (included in deferred revenue):		
Gross amount	**$ 454,838**	$ 450,049
Accumulated amortization	**(331,902)**	(322,638)
Net	**$ 122,936**	$ 127,411

Investment in Unconsolidated Joint Ventures

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

Revenue Recognition

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

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

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

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

Deferred origination fees, original issue discounts and loan origination costs, if any, are recognized as a reduction to the interest income over the terms of the related investments using the effective interest method. Fees received in connection with loan commitments are also deferred until the loan is funded and are then recognized over the term of the loan as an adjustment to yield. Discounts or premiums associated with the purchase of loans are amortized or accreted into interest income as a yield adjustment on the effective interest method based on expected cashflows through the expected maturity date of the related investment. If we purchase a 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 preferred equity investment at a discount with the intention of foreclosing on the collateral, we do not accrete the discount. For investments acquired at a discount for credit quality, the difference between contractual cash flows and expected cash flows at acquisition is not accreted. Anticipated exit fees, the collection of which is expected, are also recognized over the term of the loan as an adjustment to yield.

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 preferred equity investment is resumed when such non-accrual preferred equity investment becomes contractually current and performance is demonstrated to be resumed. Interest is recorded as income on impaired loans only to the extent cash is received.

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

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

Reserve for Possible Credit Losses

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

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

Income Taxes

ROP is a partnership and, as a result, all income and losses of the partnership are allocated to the partners for inclusion in their respective income tax returns. No provision has been made for income taxes in the consolidated financial statements since such taxes, if any, are the responsibility of the individual partners.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair Value Measurements

See Note 9, "Fair Value Measurements."

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash investments, preferred equity investments and accounts receivable. We place our cash investments in excess of insured amounts with high quality financial institutions. The collateral securing our preferred equity investments is located in New York City. See Note 5, "Preferred Equity and Other Investments." We perform ongoing credit evaluations of our tenants and require most tenants to provide security deposits or letters of credit. Though these security deposits and letters of credit are insufficient to meet the total value of a tenant's lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost rent and the costs associated with re-tenanting a space. Although the properties in our real estate portfolio are primarily located in Manhattan, we also have properties located in Brooklyn, Westchester County, Connecticut and New Jersey. The tenants located in our buildings operate in various industries. Other than two tenants who account for 4.7% and 4.1% of our share of annualized cash rent, respectively, no other tenant in the portfolio accounted for more than 2.8% of our share of annualized cash rent, including our share of joint venture annualized cash rent for the three months ended March 31, 2015. Approximately 16.3%, 9.4%, 8.1%, 8.0%, and 7.3%, of our share of annualized cash rent was attributable to 1185 Avenue of the Americas, 625 Madison Avenue, 750 Third Avenue, 919 Third Avenue and 1350 Avenue of the Americas, respectively, for the three months ended March 31, 2015.

Reclassification

Certain prior year balances have been reclassified to conform to our current year presentation primarily in order to include the transfer of one property and a 40% tenancy in common interest in a fee interest in 2015 and five properties in 2014, which were transferred subsequent to March 31, 2014.

Accounting Standards Updates

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

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

In May 2014, the FASB issued a new comprehensive revenue recognition guidance which requires us to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods and services (ASU No. 2014-09). The guidance also requires enhanced disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The guidance is effective for annual and interim periods beginning after December 15, 2016 and early adoption is not permitted. The

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new guidance can be applied either retrospectively to each prior reporting period presented, or as a cumulative-effect adjustment as of the date of adoption. The Company is currently evaluating the new guidance to determine the impact it may have on our consolidated financial statements.

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

3. Property Acquisition

2014 Acquisition

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

	115 Spring Street[(1)]
Acquisition Date	July 2014
Ownership Type	Fee Interest
Property Type	Retail
Purchase Price Allocation:	
Land	$ 11,078
Building and building leasehold	44,799
Above-market lease value	—
Acquired in-place lease value	2,037
Other assets, net of other liabilities	—
Assets acquired	57,914
Mark-to-market assumed debt	—
Below-market lease value	4,789
Liabilities assumed	4,789
Purchase price	$ 53,125
Net consideration funded by us at closing, excluding consideration financed by debt	$ 53,125
Equity and/or debt investment held	$ —
Debt assumed	$ —

(1) Based on our preliminary analysis of the purchase price, we had allocated $15.9 million and $37.2 million to land and building, respectively, at 115 Spring Street. The impact to our consolidated statement of income for the three months ended March 31, 2015 was $0.9 million in rental revenue for the amortization of aggregate below-market leases and $0.9 million of depreciation expense.

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4. Property Disposition

Discontinued operations included the results of operations of real estate assets sold prior to December 31, 2014. This included 673 First Avenue, which was sold in May 2014. There were no discontinued operations for the three months ended March 31, 2015.

The following table summarizes net income from discontinued operations for the three months ended March 31, 2014 (in thousands):

	Three Months Ended March 31, 2014
Revenues	
Rental revenue	$ 5,076
Escalation and reimbursement revenues	821
Total revenues	5,897
Operating expenses	884
Real estate taxes	1,019
Ground rent	2,196
Interest expense, net of interest income	659
Depreciation and amortization	433
Total expenses	5,191
Net income from discontinued operations	$ 706

5. Preferred Equity and Other Investments

Preferred Equity Investments

As of March 31, 2015 and December 31, 2014, we held the following preferred equity investments, with an aggregate weighted average current yield of approximately 10.20% at March 31, 2015 (in thousands):

Type	March 31, 2015 Future Funding Obligations	March 31, 2015 Senior Financing	March 31,2015 Carrying Value (1)	December 31, 2014 Carrying Value (1)	Initial Mandatory Redemption
Preferred equity(2)	$ —	$ 550,000	$ 124,907	$ 123,041	July 2015
Preferred equity(3)	—	70,000	9,957	9,954	March 2018
Preferred equity	7,100	60,795	30,619	—	November 2018
	$ 7,100	$ 680,795	$ 165,483	$ 132,995	

(1) Carrying value is net of deferred origination fees.
(2) The difference between the pay and accrual rates is included as an addition to the principal balance outstanding.
(3) In March 2015, the maturity date was extended to March 2018.

At March 31, 2015 and December 31, 2014, all preferred equity investments were performing in accordance with the terms of the related agreements.

Other Investments

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

We have one preferred equity investment which meets the criteria of a real estate investment under the guidance for Acquisition, Development and Construction arrangements and have accounted for this wholly owned investment under the equity method of accounting. As of March 31, 2015, the book value of this investment was $40.2 million, which is due to mature in March 2016, subject to three one-year extension options and a two-year option for the last extension.

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6. Mortgages Payable

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

Property	Maturity Date	Interest Rate[1]	March 31, 2015	December 31, 2014 (as adjusted)
919 Third Avenue[2]	June 2023	5.12%	**$ 500,000**	$ 500,000
711 Third Avenue[3]			**—**	120,000
			$ 500,000	$ 620,000

(1) Effective weighted average interest rate for the three months ended March 31, 2015.
(2) We own a 51.0% controlling interest in the joint venture that is the borrower on this loan.
(3) In March 2015, we repaid the mortgage.

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

7. Corporate Indebtedness

2012 Credit Facility

In March 2014, we entered into an amendment to the $1.6 billion credit facility entered into by the Company in November 2012, or the 2012 credit facility, which among other things, increased the term loan portion of the facility by $383.0 million to $783.0 million, decreased the interest-rate margin applicable to the term loan portion of the facility by 25 basis points and extended the maturity of the term loan portion of the facility from March 30, 2018 to June 30, 2019. In November 2014, we increased the term loan portion of the facility by $50.0 million to $833.0 million. In January 2015, we entered into a second amended and restated credit agreement, which decreased the interest-rate margin and facility fee applicable to the revolving credit facility by 20 basis points and five basis points, respectively, and extended the maturity date of the revolving credit facility to March 29, 2019 with an as-of-right extension through March 29, 2020. We also have an option, subject to customary conditions to increase the capacity under the revolving credit facility to $1.5 billion at any time prior to the maturity date for the revolving credit facility without the consent of existing lenders, by obtaining additional commitments from our existing lenders and other financial institutions. As of March 31, 2015, the 2012 credit facility, as amended, consisted of a $1.2 billion revolving credit facility, or the revolving credit facility, and an $833.0 million term loan, or the term loan facility.

As of March 31, 2015, the 2012 credit facility bore interest at a spread over LIBOR ranging from (i) 87.5 basis points to 155 basis points for loans under the revolving credit facility and (ii) 95 basis points to 190 basis points for loans under the term loan facility, in each case based on the credit rating assigned to the senior unsecured long term indebtedness of ROP. At March 31, 2015, the applicable spread was 125 basis points for revolving credit facility and 140 basis points for the term loan facility. At March 31, 2015, the effective interest rate was 1.43% for the revolving credit facility and 1.65% for the term loan facility. We are required to pay quarterly in arrears a 12.5 to 30 basis point facility fee on the total commitments under the revolving credit facility based on the credit rating assigned to the senior unsecured long term indebtedness of ROP. As of March 31, 2015, the facility fee was 25 basis points. As of March 31, 2015, we had $107.6 million of outstanding letters of credit, $520.0 million drawn under the revolving credit facility and $833.0 million outstanding under the term loan facility, with total undrawn capacity of $572.4 million under the 2012 credit facility.

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

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

Senior Unsecured Notes

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

Issuance	March 31, 2015 Unpaid Principal Balance	March 31, 2015 Accreted Balance	December 31, 2014 Accreted Balance	Coupon Rate[(1)]	Effective Rate	Term (in Years)	Maturity Date
March 31, 2006	**$ 255,308**	**$ 255,261**	$ 255,250	6.00%	6.00%	10	March 31, 2016
August 5, 2011[(2)]	**250,000**	**249,760**	249,744	5.00%	5.00%	7	August 15, 2018
March 16, 2010[(2)]	**250,000**	**250,000**	250,000	7.75%	7.75%	10	March 15, 2020
November 15, 2012[(2)]	**200,000**	**200,000**	200,000	4.50%	4.50%	10	December 1, 2022
June 27, 2005[(3)]	**7**	**7**	7	4.00%	4.00%	20	June 15, 2025
	$ 955,315	**$ 955,028**	$ 955,001				

(1) Interest on the senior unsecured notes is payable semi-annually with principal and unpaid interest due on the scheduled maturity dates.
(2) Issued by SL Green, the Operating Partnership and ROP, as co-obligors.
(3) Exchangeable senior debentures which are currently callable at par. In addition, the debentures can be put to us, at the option of the holder at par plus accrued and unpaid interest, on June 15, 2015 and 2020 and upon the occurrence of certain change of control transactions. As a result of the Merger, the adjusted exchange rate for the debentures is 7.7461 shares of SL Green's common stock per $1,000 of principal amount of debentures and the adjusted reference dividend for the debentures is $1.3491. In April 2015, we redeemed the remaining outstanding debentures.

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

Restrictive Covenants

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

Principal Maturities

Combined aggregate principal maturities of our mortgage, 2012 credit facility and senior unsecured notes as of March 31, 2015, including as-of-right extension options and put options, were as follows (in thousands):

	Scheduled Amortization	Principal Repayments	Revolving Credit Facility	Unsecured Term Loan	Senior Unsecured Notes	Total
Remaining 2015	$ —	$ —	$ —	$ —	$ 7 (1)	$ 7
2016	3,566	—	—	—	255,308	258,874
2017	7,411	—	—	—	—	7,411
2018	7,799	—	—	—	250,000	257,799
2019	8,207	—	—	833,000	—	841,207
Thereafter	31,423	441,594	520,000	—	450,000	1,443,017
	$ 58,406	$ 441,594	$ 520,000	$ 833,000	$ 955,315	$ 2,808,315

(1) In April 2015, we redeemed the remaining outstanding 4.00% Exchangeable Senior Debentures due 2025.

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

	Three Months Ended March 31,	
	2015	**2014**
		(as adjusted)
Interest expense	**$ 27,736**	$ 31,805
Interest income	**(7)**	(5)
Interest expense, net	**$ 27,729**	$ 31,800
Interest capitalized	**$ 786**	$ 944

8. Partners' Capital

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

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

9. Fair Value Measurements

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

The fair value of derivative instruments is based on current market data received from financial sources that trade such instruments and are based on prevailing market data and derived from third party proprietary models based on well-recognized financial principles and reasonable estimates about relevant future market conditions, which are classified as Level 2 inputs.

The financial assets and liabilities that are not measured at fair value on our consolidated balance sheets include cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses, preferred equity investments, mortgages and other loans payable and other secured and unsecured debt. The carrying amount of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued expenses reported in our consolidated balance sheets approximates fair value due to the short term nature of these instruments. The fair value of preferred equity investments, which is classified as Level 3, is estimated by discounting the future cash flows using current interest rates at which similar loans with the same maturities would be made to borrowers with similar credit ratings. The fair value of borrowings, which is classified as Level 3, is estimated by discounting the contractual cash flows of each debt instrument to their present value using adjusted market interest rates, which is provided by a third-party specialist.

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The following table provides the carrying value and fair value of these financial instruments as of March 31, 2015 and December 31, 2014 (in thousands):

	March 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value (as adjusted)	Fair Value (as adjusted)
Preferred equity investments	$ 165,483 (1)	(2)	$ 132,995 (1)	(2)
Fixed rate debt	$ 1,485,028	$ 1,644,580	$ 1,605,001	$ 1,737,673
Variable rate debt	1,323,000	1,382,444	1,188,000	1,230,470
	$ 2,808,028	$ 3,027,024	$ 2,793,001	$ 2,968,143

(1) Excludes one investment with a book value of $40.2 million as of March 31, 2015 and December 31, 2014, which we accounted for under the equity method accounting as a result of meeting the criteria of a real estate investment under the guidance for Acquisition, Development and Construction arrangements.
(2) At March 31, 2015, preferred equity investments had an estimated fair value ranging between $182.0 million and $206.9 million. At December 31, 2014, preferred equity investments had an estimated fair value ranging between $146.3 million and $166.2 million.

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

10. Financial Instruments: Derivatives and Hedging

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

As of March 31, 2015, the Company had designated an interest swap agreement on $30.0 million of the 2012 credit facility. The following table summarizes the notional and fair value of our derivative financial instrument at March 31, 2015 based on Level 2 inputs. The notional value is an indication of the extent of our involvement in that instrument at that time, but does not represent exposure to credit, interest rate or market risks.

	Notional Value	Strike Rate	Effective Date	Expiration Date	Balance Sheet Location	Fair Value
Interest Rate Swap	$ 30,000	2.295%	July 2010	June 2016	Other Liabilities	$ (682)

Gains and losses on terminated hedges are included in the accumulated other comprehensive loss, and are recognized into earnings over the term of the related senior unsecured notes. As of March 31, 2015 and December 31, 2014, the deferred net losses from these terminated hedges, which are included in accumulated other comprehensive loss relating to net unrealized loss on derivative instrument, was approximately $2.2 million and $2.3 million, respectively.

Over time, the realized and unrealized gains and losses held in accumulated other comprehensive loss will be reclassified into earnings as an adjustment to interest expense in the same periods in which the hedged interest payments affect earnings. We estimate that approximately $0.9 million of the current balance held in accumulated other comprehensive loss will be reclassified into interest expense within the next 12 months.

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The following table presents the effect of our derivative financial instrument that is designated and qualify as a hedging instrument on the consolidated statements of income for the three months ended March 31, 2015 and 2014, respectively (in thousands):

	Amount of Loss Recognized in Other Comprehensive Loss (Effective Portion)		Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income	Amount of Gain Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain Recognized into Income (Ineffective Portion)	
	Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,	
Derivative	2015	2014		2015	2014		2015	2014
Interest Rate Swap	$ (68)	$ (44)	Interest expense	$ 249	$ 250	Interest expense	$ 1	$ 1

11. Related Party Transactions

Cleaning/ Security/ Messenger and Restoration Services

Through Alliance Building Services, or Alliance, First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services, Classic Security LLC provides security services, Bright Star Couriers LLC provides messenger services, and Onyx Restoration Works provides restoration services with respect to certain properties owned by us. Alliance is partially owned by Gary Green, a son of Stephen L. Green, the chairman of SL Green's board of directors. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. An affiliate of ours has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to certain tenants at certain buildings above the base services specified in their lease agreements. Income earned from profit participation, which is included in other income on the consolidated statements of income, was $0.8 million for both the three months ended March 31, 2015 and 2014. We also recorded expenses of $1.9 million and $1.5 million for the three months ended March 31, 2015 and 2014 , respectively, for these services (excluding services provided directly to tenants).

Allocated Expenses from SL Green

Property operating expenses include an allocation of salary and other operating costs from SL Green based on square footage of the related properties. Such amount was approximately $2.4 million and $2.3 million for the three months ended March 31, 2015 and 2014, respectively.

Insurance

We obtained insurance coverage through an insurance program administered by SL Green. In connection with this program, we incurred insurance expense of approximately $1.6 million for both the three months ended March 31, 2015 and 2014.

12. Commitments and Contingencies

Legal Proceedings

As of March 31, 2015, we were not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against us or our portfolio which if adversely determined could have a material adverse impact on us other than routine litigation arising in the ordinary course of business or litigation that is adequately covered by insurance.

Environmental Matters

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

Ground Leases Arrangements

The following is a schedule of future minimum lease payments under non-cancellable operating leases with initial terms in excess of one year as of March 31, 2015 (in thousands):

	Non-cancellable operating leases
Remaining 2015	$ 15,252
2016	20,440
2017	20,586
2018	20,586
2019	20,586
Thereafter	348,672
Total minimum lease payments	$ 446,122

13. Segment Information

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

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

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

	Real Estate Segment	Preferred Equity Segment	Total Company
Total revenues:			
Three months ended:			
March 31, 2015	$ 172,510	$ 3,603	$ 176,113
March 31, 2014, as adjusted	162,336	9,275	171,611
Income from continuing operations:			
Three months ended:			
March 31, 2015	$ 12,452	$ 3,710	$ 16,162
March 31, 2014, as adjusted	5,402	7,470	12,872
Total assets			
As of:			
March 31, 2015	$ 6,420,257	$ 205,792	$ 6,626,049
December 31, 2014, as adjusted	6,420,450	173,300	6,593,750

Income from continuing operations represents total revenues less total expenses for the real estate segment and total investment income and equity in net income from unconsolidated joint venture less allocated interest expense and provision for loan losses for the preferred equity segment. Interest costs for the preferred equity segment are imputed assuming the portfolio is 100% leveraged by our 2012 credit facility borrowing cost. We also allocate loan loss reserves, net of recoveries and transaction related costs to the preferred equity segment. We do not allocate marketing, general and administrative expenses to the preferred equity segment, since we base performance on the individual segments prior to allocating marketing, general and administrative expenses. All other expenses, except interest, relate entirely to the real estate assets. There were no transactions between the above two segments.

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

Overview

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

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

SL Green transferred one property and 40% of SL Green's tenancy in common interest in a fee interest, with total assets aggregating to $207.7 million during the first quarter of 2015 to ROP. Subsequent to March 31, 2014, SL Green transferred five properties with total assets aggregating to $884.3 million as of December 31, 2014 to ROP. Under the business combinations guidance (Accounting Standard Codification, or ASU, 805-50), these transfers were determined to be transfers of businesses between the indirect parent company and its wholly-owned subsidiary. As such, the assets and liabilities of the properties were transferred at their carrying value and were recorded as of the beginning of the current reporting period as though the assets and liabilities had been transferred at that date. The financial statements and financial information presented for all prior periods have been retrospectively adjusted to furnish comparative information.

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

Location	Type	Number of Properties	Approximate Square Feet	Weighted Average Occupancy(1)
Commercial:				
Manhattan	Office	14	8,135,645	93.6%
	Retail(2)	5	352,892	97.8%
	Redevelopment	1	104,000	72.5%
	Fee Interest	1	176,530	100.0%
		21	8,769,067	93.6%
Suburban	Office	20	3,417,900	80.8%
Total commercial properties		41	12,186,967	90.0%
Residential:				
Manhattan	Residential(2)	—	222,855	96.1%
Total portfolio		41	12,409,822	90.1%

(1) The weighted average occupancy for commercial properties represents the total leased square feet divided by total available rentable square feet. The weighted average occupancy for residential properties represents the total occupied units divided by total available units.
(2) As of March 31, 2015, we owned a building that was comprised of approximately 270,132 square feet of retail space and approximately 222,855 square feet of residential space. For the purpose of this report, we have included the building in the retail properties count and have bifurcated the square footage into the retail and residential components.

As of March 31, 2015, we also held a 40% tenancy in common interest in a fee interest comprised of approximately 21,124 square feet which was 100.0% occupied and preferred equity and other investments with a book value of $205.7 million.

Critical Accounting Policies

Refer to our 2014 Annual Report on Form 10-K for a discussion of our critical accounting policies, which include investment in commercial real estate properties, investment in unconsolidated joint ventures, revenue recognition, allowance for doubtful accounts, reserve for possible credit losses and derivative instruments. There have been no changes to these accounting policies during the three months ended March 31, 2015.

Results of Operations

Comparison of the three months ended March 31, 2015 to the three months ended March 31, 2014

The following section compares the results of operations for the three months ended March 31, 2015 to the three months ended March 31, 2014 for the 41 properties and a 40% tenancy in common interest in a fee interest owned by ROP. Any assets sold or held for sale are excluded from income from continuing operations.

(in thousands)	2015	2014	$ Change	% Change
		(as adjusted)		
Rental revenue, net	$ 148,925	$ 140,584	$ 8,341	5.9 %
Escalation and reimbursement	22,926	21,141	1,785	8.4 %
Investment income	3,603	9,275	(5,672)	(61.2)%
Other income	659	611	48	7.9 %
Total revenues	$ 176,113	$ 171,611	$ 4,502	2.6 %
Property operating expenses	81,625	74,684	6,941	9.3 %
Transaction related costs	16	871	(855)	(98.2)%
Marketing, general and administrative	96	76	20	26.3 %
	81,737	75,631	6,106	8.1 %
Net operating income	94,376	95,980	(1,604)	(1.7)%
Interest expense and amortization of financing costs, net of interest income	(29,676)	(33,355)	3,679	(11.0)%
Depreciation and amortization	(49,338)	(49,753)	415	(0.8)%
Equity in net income from unconsolidated joint venture	849	—	849	100.0 %
Loss on early extinguishment of debt	(49)	—	(49)	(100.0)%
Income from continuing operations	16,162	12,872	3,290	25.6 %
Net income from discontinued operations	—	706	(706)	(100.0)%
Net income	$ 16,162	$ 13,578	$ 2,584	19.0 %

Rental, Escalation and Reimbursement Revenues

Rental revenue increased primarily as a result of an increase in occupancy and the acquisitions of 115 Spring Street, 635 Madison Avenue and 102 Greene Street in 2014 ($2.7 million).

Escalation and reimbursement revenue increased primarily as a result of higher real estate tax recoveries ($1.4 million).

Occupancy in our Manhattan office operating properties was 93.6% at March 31, 2015 compared to 91.6% at March 31, 2014. Occupancy in our Suburban office operating properties was 80.8% at March 31, 2015 compared to 78.3% at March 31, 2014. At March 31, 2015, approximately 3.1% and 7.4% of the space leased at our Manhattan and Suburban operating properties, respectively, is expected to expire during the remainder of 2015. Based on our estimates, the current market asking rents on all our Manhattan operating properties for leases that are expected to expire during the remainder of 2015 would be approximately 12.3% higher than the existing in-place fully escalated rents while the current market asking rents on all our Manhattan operating properties for leases that are scheduled to expire in future years would be approximately 9.0% higher than the existing in-place fully escalated rents. Based on our estimates, the current market asking rents on all our Suburban operating properties for leases that are expected to expire during the remainder of 2015 would be approximately 5.8% lower than the existing in-place fully escalated rents while the current market asking rents on all our Suburban operating properties for leases that are scheduled to expire in future years would be approximately 2.3% higher than the existing in-place fully escalated rents.

Investment Income

Investment income decreased primarily as a result the redemption of one of our preferred equity investments during the fourth quarter of 2014 ($4.9 million).

Property Operating Expenses

Property operating expenses increased primarily as a result of higher real estate taxes resulting from higher assessed values and tax rates ($3.5 million), utility expenses due, in part, to seasonality ($1.3 million), and repairs and maintenance ($0.6 million).

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

Interest expense and amortization of financing costs, net of interest income, decreased primarily as a result of the repayment of debt at at 625 Madison Avenue ($2.2 million) and 125 Park Avenue ($1.5 million) during the fourth quarter of 2014 and the repayment of 5.875% senior notes in August 2014 ($1.1 million), partially offset by increased borrowings on the 2012 credit facility($1.3 million).

Equity in Net Income from Unconsolidated Joint Venture

Equity in net income from unconsolidated joint venture increased as a result of an investment accounted for under the equity method accounting as a result of meeting the criteria of a real estate investment under the guidance for Acquisition, Development and Construction arrangements in 2014 ($0.8 million).

Discontinued Operations

Discontinued operations for the three months ended March 31, 2014 included the the result of operations for 673 First Avenue, which was sold in May 2014.

Liquidity and Capital Resources

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

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

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

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

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

Cash Flows

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

Cash and cash equivalents were $50.7 million and $49.9 million at March 31, 2015 and 2014, respectively, representing an increase of $0.8 million. The increase was a result of the following changes in cash flows (in thousands):

	Three Months Ended March 31,		
	2015	**2014**	**Change**
		(as adjusted)	
Net cash provided by operating activities	**$ 45,155**	$ 29,009	$ 16,146
Net cash used in investing activities	**$ (42,876)**	$ (57,450)	$ 14,574
Net cash provided by financing activities	**$ 13,850**	$ 30,293	$ (16,443)

Our principal source of operating cash flow is related to the leasing and operating of the properties in our portfolio. Our properties provide a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, debt service and make distributions to SL Green. At March 31, 2015, our operating portfolio was 90.1% occupied. Our preferred investments also provide a steady stream of operating cash flow to us.

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

Capital expenditures and capitalized interest	$	4,069
Repayment or redemption of preferred equity and other investments, net of originations or investments		9,381
Restricted cash—capital improvements		1,124
Decrease in net cash used in investing activities	$	14,574

Funds spent on capital expenditures, which comprise building and tenant improvements, decreased from $16.9 million for the three months ended March 31, 2014 compared to $12.8 million for the three months ended March 31, 2015. The decrease in capital expenditures relate primarily to lower costs incurred in connection with the redevelopment of a property and the build-out of space for tenants.

We generally fund our investment activity through property-level financing, our 2012 credit facility, senior unsecured notes and sale of real estate. During the three months ended March 31, 2015, when compared to the three months ended March 31, 2014, we used cash for the following financing activities (in thousands):

Repayments under our debt obligations	$	(208,068)
Proceeds from debt obligations		62,000
Contributions from common unitholder		(21,613)
Distributions to common unitholder and noncontrolling interests		152,974
Deferred loan costs		(1,736)
Decrease in cash provided by financing activities	$	(16,443)

Capitalization

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

Corporate Indebtedness

2012 Credit Facility

In March 2014, we entered into an amendment to the $1.6 billion credit facility entered into by the Company in November 2012, or the 2012 credit facility, which among other things, increased the term loan portion of the facility by $383.0 million to $783.0 million, decreased the interest-rate margin applicable to the term loan portion of the facility by 25 basis points and extended the maturity of the term loan portion of the facility from March 30, 2018 to June 30, 2019. In November 2014, we increased the term loan portion of the facility by $50.0 million to $833.0 million. In January 2015, we entered into a second amended and restated credit agreement, which decreased the interest-rate margin and facility fee applicable to the revolving credit facility by 20 basis points and five basis points, respectively, and extended the maturity date of the revolving credit facility to March 29, 2019 with an as-of-right extension through March 29, 2020. We also have an option, subject to customary conditions to increase the capacity under the revolving credit facility to $1.5 billion at any time prior to the maturity date for the revolving credit facility without the consent of existing lenders, by obtaining additional commitments from our existing lenders and other financial institutions. As of March 31, 2015, the 2012 credit facility, as amended, consisted of a $1.2 billion revolving credit facility, or the revolving credit facility, and an $833.0 million term loan, or the term loan facility.

As of March 31, 2015, the 2012 credit facility bore interest at a spread over LIBOR ranging from (i) 87.5 basis points to 155 basis points for loans under the revolving credit facility and (ii) 95 basis points to 190 basis points for loans under the term loan facility, in each case based on the credit rating assigned to the senior unsecured long term indebtedness of ROP. At March 31, 2015, the applicable spread was 125 basis points for revolving credit facility and 140 basis points for the term loan facility. At March 31, 2015, the effective interest rate was 1.43% for the revolving credit facility and 1.65% for the term loan facility. We are required to pay quarterly in arrears a 12.5 to 30 basis point facility fee on the total commitments under the revolving credit facility based on the credit rating assigned to the senior unsecured long term indebtedness of ROP. As of March 31, 2015, the facility fee was 25 basis points. As of March 31, 2015, we had $107.6 million of outstanding letters of credit, $520.0 million drawn under the revolving credit facility and $833.0 million outstanding under the term loan facility, with total undrawn capacity of $572.4 million under the 2012 credit facility.

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

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

Senior Unsecured Notes

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

Issuance	March 31, 2015 Unpaid Principal Balance	March 31, 2015 Accreted Balance	December 31, 2014 Accreted Balance	Coupon Rate[(1)]	Effective Rate	Term (in Years)	Maturity Date
March 31, 2006	**$ 255,308**	**$ 255,261**	$ 255,250	6.00%	6.00%	10	March 31, 2016
August 5, 2011[(2)]	**250,000**	**249,760**	249,744	5.00%	5.00%	7	August 15, 2018
March 16, 2010[(2)]	**250,000**	**250,000**	250,000	7.75%	7.75%	10	March 15, 2020
November 15, 2012[(2)]	**200,000**	**200,000**	200,000	4.50%	4.50%	10	December 1, 2022
June 27, 2005[(3)]	**7**	**7**	7	4.00%	4.00%	20	June 15, 2025
	$ 955,315	**$ 955,028**	$ 955,001				

(1) Interest on the senior unsecured notes is payable semi-annually with principal and unpaid interest due on the scheduled maturity dates.
(2) Issued by SL Green, the Operating Partnership and ROP, as co-obligors.
(3) Exchangeable senior debentures which are currently callable at par. In addition, the debentures can be put to us, at the option of the holder at par plus accrued and unpaid interest, on June 15, 2015 and 2020 and upon the occurrence of certain change of control transactions. As a result of the Merger, the adjusted exchange rate for the debentures is 7.7461 shares of SL Green's common stock per $1,000 of principal amount of debentures and the adjusted reference dividend for the debentures is $1.3491. In April 2015, we redeemed the remaining outstanding debentures.

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

Restrictive Covenants

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

Interest Rate Risk

We are exposed to changes in interest rates primarily from our variable rate debt. Our exposure to interest rate changes are managed through either the use of interest rate derivative instruments and/or through our variable rate preferred equity investments. A hypothetical 100 basis point increase in interest rates along the entire interest rate curve for 2015 would have increased our annual interest cost, net of interest income from variable rate preferred equity investments, by approximately $12.8 million.

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

We have $1.5 billion of long term debt that bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. Our variable rate debt as of March 31, 2015 bore interest based on a spread of LIBOR plus 125 basis points to LIBOR plus 140 basis points.

Contractual Obligations

Refer to our 2014 Annual Report on Form 10-K for a discussion of our contractual obligations. There have been no material changes, outside the ordinary course of business, to these contractual obligations during the three months ended March 31, 2015.

Off-Balance Sheet Arrangements

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

Capital Expenditures

We estimate that for the year ended December 31, 2015, we expect to incur $81.0 million of recurring capital expenditures and $73.7 million of development or redevelopment expenditures, net of loan reserves, (including tenant improvements and leasing commissions) on existing properties. We expect to fund these capital expenditures with operating cash flow, additional property level mortgage financings and cash on hand. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs. We expect our capital needs over the next twelve-months and thereafter will be met through a combination of cash on hand, net cash provided by operations, borrowings, potential asset sales or additional debt issuances.

Related Party Transactions

Cleaning/ Security/ Messenger and Restoration Services

Through Alliance Building Services, or Alliance, First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services, Classic Security LLC provides security services, Bright Star Couriers LLC provides messenger services, and Onyx Restoration Works provides restoration services with respect to certain properties owned by us. Alliance is partially owned by Gary Green, a son of Stephen L. Green, the chairman of SL Green's board of directors. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. An affiliate of ours has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to certain tenants at certain buildings above the base services specified in their lease agreements. Income earned from profit participation, which is included in other income on the consolidated statements of income, was $0.8 million for both the three months ended March 31, 2015 and 2014. We also recorded expenses of $1.9 million and $1.5 million for the three months ended March 31, 2015 and 2014 , respectively, for these services (excluding services provided directly to tenants).

Allocated Expenses from SL Green

Property operating expenses include an allocation of salary and other operating costs from SL Green based on square footage of the related properties. Such amount was approximately $2.4 million and $2.3 million for the three months ended March 31, 2015 and 2014, respectively.

Insurance

SL Green maintains “all-risk” property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism) within three property insurance portfolios and liability insurance. The first property portfolio maintains a blanket limit of $950.0 million per occurrence, including terrorism, for the majority of the New York City properties in our portfolio and expires December 31, 2015. The second portfolio maintains a limit of $700.0 million per occurrence, including terrorism, for several New York City properties and the majority of the Suburban properties and expires December 31, 2015. Each of these policies includes $100.0 million of flood coverage, with a lower sublimit for locations in high hazard flood zones. A third blanket property policy covers most of our residential assets and maintains a limit of $380.0 million per occurrence, including terrorism, for our residential properties and expires January 31, 2016. We maintain two liability policies which cover all our properties and provide limits of $201.0 million per occurrence and in the aggregate per location. The liability policies expire on October 31, 2015 and January 31, 2016 and cover our commercial and residential properties, respectively. Additional coverage may be purchased on a stand-alone basis for certain assets.

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

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

We monitor all properties where insurance coverage is obtained by a third party and we do not control the coverage to ensure that tenants or other third parties, as applicable, are providing adequate coverage. Certain joint ventures may be covered under policies separate from our policies, at coverage limits which we deem to be adequate. We continually monitor these policies. Although we consider our insurance coverage to be appropriate, in the event of a major catastrophe, we may not have sufficient coverage to replace certain properties.

We obtained insurance coverage through an insurance program administered by SL Green. In connection with this program, we incurred insurance expense of approximately $1.6 million for both the three months ended March 31, 2015 and 2014.

Inflation

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

Accounting Standards Updates

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

Forward-Looking Information

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

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

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

- the effect of general economic, business and financial conditions, and their effect on the New York City real estate market in particular;
- dependence upon certain geographic markets;
- risks of real estate acquisitions, dispositions, developments and redevelopment, including the cost of construction delays and cost overruns;
- risks relating to debt and preferred equity investments;
- availability and creditworthiness of prospective tenants and borrowers;
- bankruptcy or insolvency of a major tenant or a significant number of smaller tenants;

- adverse changes in the real estate markets, including reduced demand for office space, increasing vacancy, and increasing availability of sublease space;
- availability of capital (debt and equity);
- unanticipated increases in financing and other costs, including a rise in interest rates;
- the Company's ability to comply with financial covenants in our debt instruments;
- SL Green's ability to maintain its status as a REIT;
- risks of investing through joint venture structures, including the fulfillment by our partners of their financial obligations;
- the threat of terrorist attacks;
- our ability to obtain adequate insurance coverage at a reasonable cost and the potential for losses in excess of our insurance coverage, including as a result of environmental contamination; and,
- legislative, regulatory and/or safety requirements adversely affecting REITs and the real estate business, including costs of compliance with the Americans with Disabilities Act, the Fair Housing Act and other similar laws and regulations.

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

For quantitative and qualitative disclosure about market risk, see Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operation-Interest Rate Risk" in this Quarterly Report on Form 10-Q for the three months ended March 31, 2015 and Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” in our Annual Report on Form 10-K for the year ended December 31, 2014. Our exposures to market risk have not changed materially since December 31, 2014.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the principal executive officer and principal financial officer of our general partner, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) of the Exchange Act. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within ROP to disclose material information otherwise required to be set forth in our periodic reports.

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

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control over financial reporting during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in “Part I. Item 1A. Risk Factors” in our 2014 Annual Report on Form 10-K. We encourage you to read “Part I. Item 1A. Risk Factors” in the 2014 Annual Report on Form 10-K for SL Green Realty Corp., our indirect parent company.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits:

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

SIGNATURES

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

RECKSON OPERATING PARTNERSHIP, L.P.

BY: WYOMING ACQUISITION GP LLC

By: /s/ MATTHEW J. DILIBERTO

Matthew J. DiLiberto
Treasurer

Date: May 15, 2015

Exhibit 31.1

CERTIFICATION

I, Marc Holliday, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Reckson Operating Partnership, L.P. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 15, 2015

/s/ MARC HOLLIDAY

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

Exhibit 31.2

CERTIFICATION

I, Matthew J. DiLiberto, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Reckson Operating Partnership, L.P. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 15, 2015

/s/ MATTHEW J. DILIBERTO

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

Exhibit 32.1

CERTIFICATION

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

1) The Quarterly Report on Form 10-Q of the Registrant for the quarter ended March 31, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

/s/ MARC HOLLIDAY

Name: Marc Holliday

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

May 15, 2015

Exhibit 32.2

CERTIFICATION

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

1) The Quarterly Report on Form 10-Q of the Registrant for the quarter ended March 31, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

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

May 15, 2015