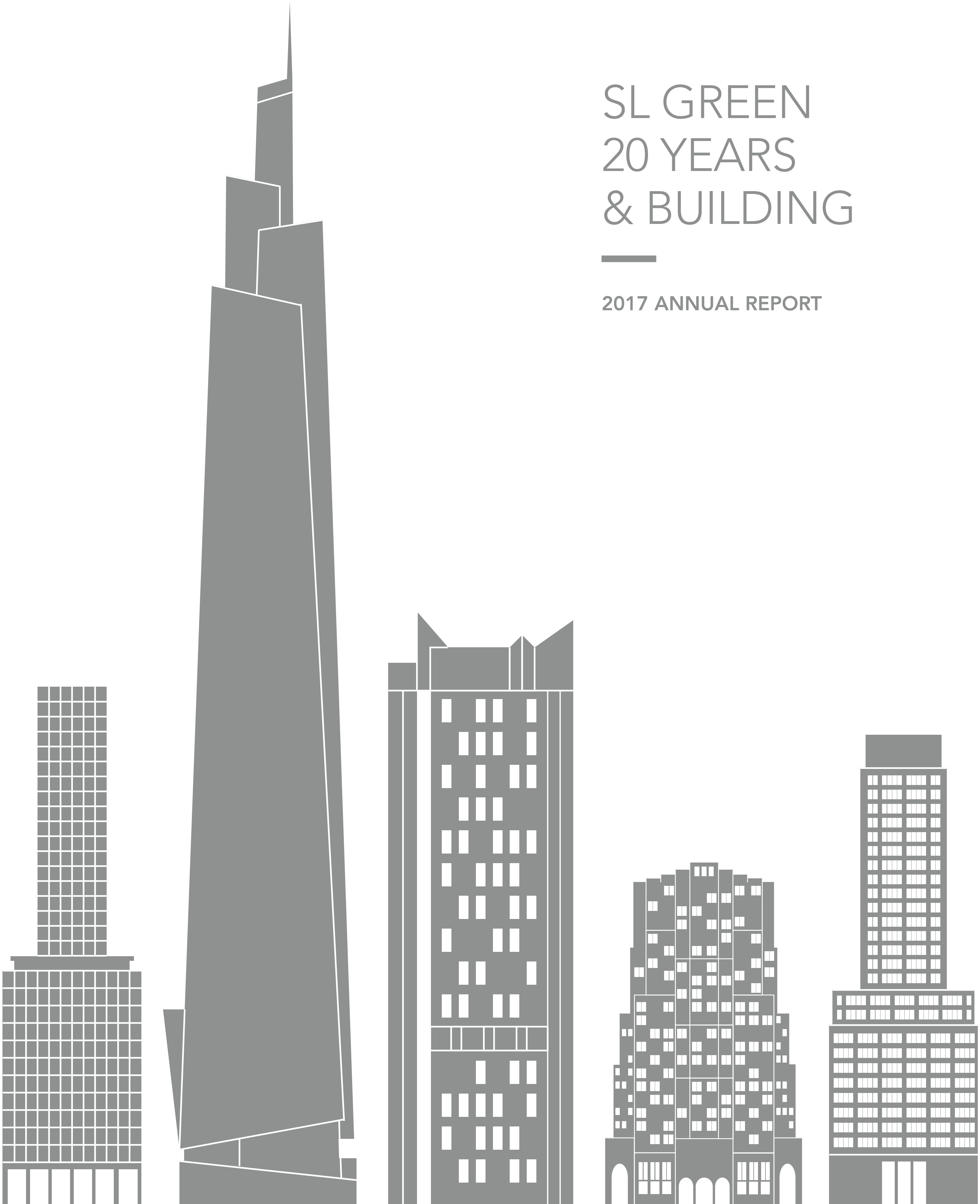
SL GREEN 20 YEARS & BUILDING

2017 ANNUAL REPORT



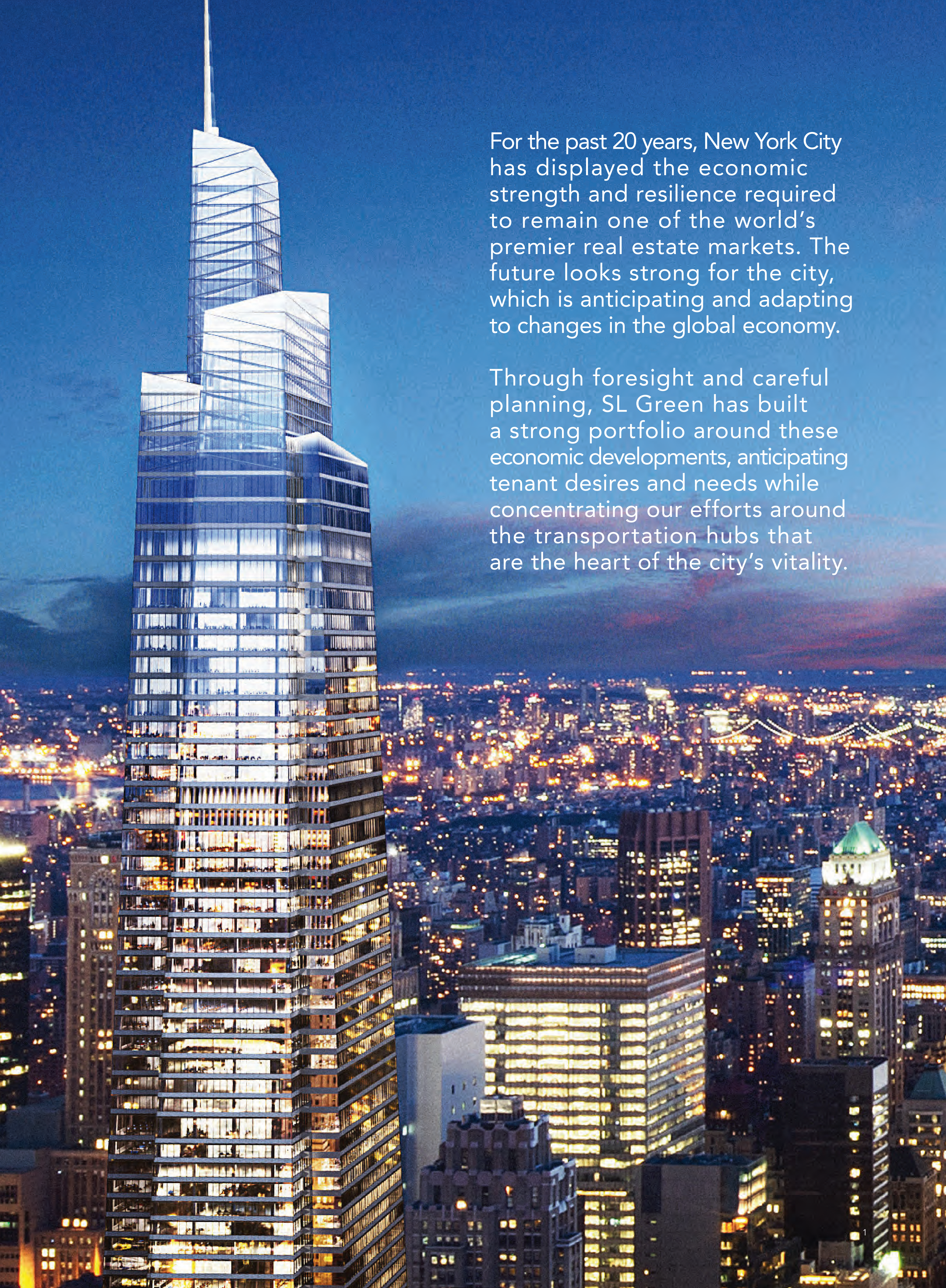
20 Years Listed

887.5% TRS Since IPO
#1 Owner of NYC Office Property

1997[1]		2017[2]
$59.4 M	COMBINED REVENUES	$1.8 B
$1.70 Per Share	FUNDS FROM OPERATIONS	$6.45 Per Share
9	PROPERTIES	146[3]
2.2 M	TOTAL SF	53.7 M[3]
$210.1 M	ENTERPRISE VALUE	$20.4 B
$1.40 Per Share	DIVIDEND	$3.25 Per Share

CONTENTS

1) Data as of 8/15/1997. Combined Revenues, Funds from Operations, Enterprise Value and Annualized Dividend as of 12/31/1997, representing a full year on a pro-forma basis.
2) Data as of 12/31/2017.
3) Including debt and preferred equity investment collateral interests.



For the past 20 years, New York City has displayed the economic strength and resilience required to remain one of the world's premier real estate markets. The future looks strong for the city, which is anticipating and adapting to changes in the global economy.

Through foresight and careful planning, SL Green has built a strong portfolio around these economic developments, anticipating tenant desires and needs while concentrating our efforts around the transportation hubs that are the heart of the city's vitality.

To Our Shareholders

MARC HOLLIDAY
Chief Executive Officer

ANDREW W. MATHIAS
President

STEPHEN L. GREEN
Chairman of the Board

In 2017, we celebrated our 20th year of business as a publicly-traded REIT.

For those of you who have been with us from the beginning, you've benefitted from extraordinary and unmatched growth—887 percent from IPO! For everyone who has joined us along the way, we've maintained our commitment to excellence year after year, with the most experienced and longest-serving leadership team in the business delivering the stability and solid fundamentals that have always characterized this company.

All of this remarkable success stems from a vision to define SL Green as the biggest, best, and most profitable real estate company in New York City, whether measured against our public or private market peers. We had an idea ahead of its time for a hyper-concentrated REIT focused almost exclusively in Midtown Manhattan, the premier office district in the country, with sustainability at the core of our business.

Together, we assembled a portfolio that is largely within walking distance of our headquarters above Grand Central Terminal, a unique situation that has always been an enormous competitive advantage. It was a calculated strategy that has paid off handsomely, with many others now attempting to replicate our model but unable to match our 54 million-square-foot investment portfolio, deep and talented management team, and diversified array of business lines across most aspects of New York City real estate.

Over the past two decades, I have had the privilege of working alongside Andrew Mathias, my executive management team, and of course our founder and chairman, Stephen L. Green. At the end of this year, Steve will be stepping down from his formal role while continuing to maintain his involvement with the Company as a board member and Chairman Emeritus. While we will miss his presence on a day-to-day basis, Steve's legacy—for SL Green, for our industry, and for the city he loves—will last forever.

Most importantly, Steve is stepping down at a moment when our collective vision is being realized like never before; our future has never looked brighter. Earlier this year, JPMorgan Chase made headlines with its decision to demolish its 1.5 million square foot building on Park Avenue and invest billions of dollars in a modern new global headquarters on the site. This remarkable commitment to East Midtown is true validation that the center of gravity in New York never left its natural center in Midtown. At SL Green we have always believed that leading businesses want to be in close proximity to Grand Central, and that we needed to be able to provide new construction in order to keep top tenants from seeking it elsewhere. That is why we led the dialogue on modernizing this unparalleled business district, simultaneously working with government on a historic rezoning and pursuing development of the most ambitious office tower in New York City history, One Vanderbilt.

We expect others to follow JPMorgan, paving the way for the long-term revitalization and continued growth of the entire district, adding value to all of our Midtown-centric property holdings. There were many naysayers and the outcome was not always certain, but today it is clear that our efforts—and clear vision—will pay off.

The positive news for East Midtown builds on good indicators across New York City's economy. The city's strengths have only grown over the past year, and the quality of life here continues to be a magnet for individuals, businesses and investors. With unprecedented private sector job growth over the past eight years driving demand for office space, new buildings are reshaping the skyline while existing properties are being modernized and repurposed, all to meet the growing and evolving needs of a broad set of businesses, institutions and individuals.

Likewise, SL Green exhibited strong underlying fundamentals across our business going into 2018. Our entire portfolio is now fully redeveloped to class-A standards, featuring an industry-leading occupancy rate that approaches full capacity. While our commercial portfolio will always be the focus of our efforts and the bulk of our bottom line, we realize enormous benefits as an organization by having deep coverage across New York City's investment market—and penetration into all facets of equity and debt activities. Each of these business lines is profitable in its own right, and taken together broadly diversify our risk. Most impressively, this performance is delivered by a lean, talented and efficient team of 300 people managing our leasing, operations and construction for a New York City investment portfolio of unprecedented scale, with total G&A expense that is below our peer average.

Despite the stability of underlying property values in Manhattan, and positive indicators of growth moving forward, many REITs continue to face choppy waters in the public market. For the second year in a row, we find ourselves talking about the need to close the gap between our net asset value (NAV) and our share price, which continues to trade at a significant discount.

Last year we told you everything was on the table in our commitment to increase NAV per share and attempt to drive the

"New York has never been better situated to attract the best talent from around the country and around the world."

share price to properly reflect this enormous underlying value. We launched a $1.0 billion share buyback program in March 2017, which was subsequently increased to authorization of $1.5 billion at the end of 2017. With $1.3 billion executed to date, we are beginning to see our strategy bear fruit as our year-to-date relative stock performance has been sector-leading. To enable this decisive investment strategy, we monetized a number of non-core and mature assets in 2017, doing it in a leverage neutral way, leading to upgrades from both Fitch and S&P Ratings Agencies. We will continue to aggressively follow this path in 2018 because the substantial discount on our stock is among the best investment opportunities we've seen in many years.

NYC OUTLOOK

New York has never been better situated to attract the best talent from around the country and around the world. Unemployment is around 4 percent, 160,000 construction workers are on active job sites, and the city's population is closing in on 9 million residents. The residential market continues to thrive, and despite the strong dollar, over 60 million tourists flocked to the greatest city in the world — filling hotel rooms and contributing to a prospering economy. 2017's growth was fueled by a resurgent FIRE (finance, insurance and real estate) sector which added 14,200 finance industry jobs through December — the highest level of growth in this sector in over a decade.

In the real estate sector, Manhattan's office vacancy rate fell to 9 percent and the end of the year brought about a flurry of significant leasing activity. The numbers show net absorption is up, leases are being signed at a healthy rate and new public-private partnerships are being created to benefit the city's economy. New York's status as a gateway location and global financial center also continues to attract many of the largest institutional property investors seeking out the safest and most lucrative places to invest capital. Today, no organization is better positioned to drive this market than SL Green — a homegrown company that is unsurpassed in attracting talent, capitalizing on investment opportunities, demonstrating leadership in environmental sustainability, and developing iconic properties.

2017 HIGHLIGHTS

2017 was another year of banner operating performance by SL Green on your behalf, and we are extremely proud of our achievements.

Sustainability is central to everything that we do and our market-leading role is recognized year after year. In 2017, SL Green was named "Most Sustainable REIT" by Real Estate Finance & Investment and awarded The Business Intelligence Group's "2017 Sustainability Award" as well as The Institute of Real Estate Management's "Corporate Innovation" award. Our commitment is unwavering as 50 percent of our owned and managed portfolio are certified under LEED and accounted for 8 percent of all ENERGY STAR labels across Manhattan in 2017 alone, going beyond the Carbon Challenge goals set by Mayor de Blasio. At One Vanderbilt we are applying years of sustainability experience to set a new precedent, investing $17 million in sustainability elements above code requirements to establish a new beacon for sustainable building design.

After patiently sitting-out the acquisition market in 2016, we sourced an extraordinary opportunity and partnered with RXR to purchase a 48.7 percent interest in Worldwide Plaza from New York REIT. The building serves as the North American headquarters for Nomura Holdings, Inc., Cravath Swaine and Moore LLP, as well as other high-quality office tenants, and represents the type of investment that we will always aggressively pursue when we see upside.

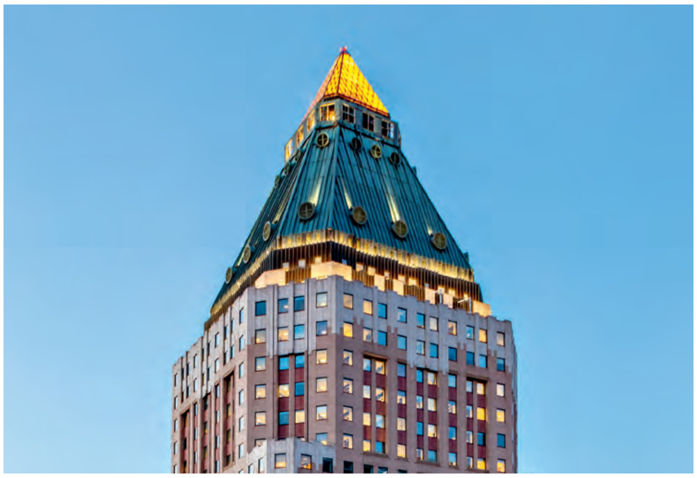
Much of our effort in 2017, however, focused on dispositions as we sold assets that had a significant increase in value to create liquidity needed to advance our share buyback program. In every case, our sales showed the wisdom of SL Green's long-term outlook and ability to time the New York market successfully. By the end of the year, we executed dispositions totaling $1.5 billion, which generated $1.0 billion of cash proceeds and reduced our on-balance sheet debt by $880 million.

In August, we reached agreement on the sale of 16 Court Street, Downtown Brooklyn's tallest office building and a property that we held since 2007, exhibiting the patience needed to weather headwinds and yield a significant profit. Purchased as part of a joint venture for $107.5 million, the property was valued at $96.2 million in 2013 when we acquired full control. Just four years later it commanded $171.0 million.

In November, we closed two sales that demonstrated the ongoing strong investor demand for trophy Midtown properties. At 1515 Broadway, we sold a 43 percent interest to Allianz Real Estate, another illustration of the appetite from institutional investors for

One Vanderbilt construction near Grand Central Terminal

"We continue to maintain over a 95 percent occupancy rate by creating a well-balanced tenant roster that reflects the diversity of New York's economy, from technology and media to healthcare and financial services."



Worldwide Plaza

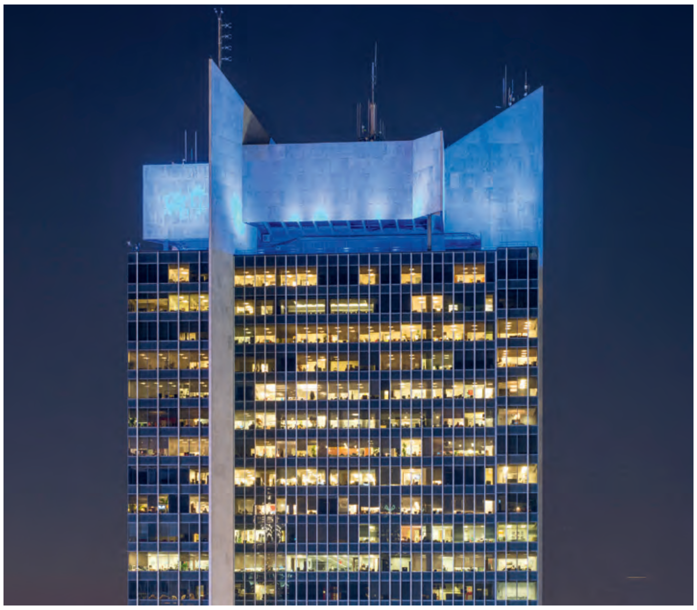
minority joint venture ownership of high quality Manhattan assets, especially given the opportunity to work with an experienced partner like SL Green. Later that same week, we sold 600 Lexington, a 36-story, 300,000 square foot office building, for $305.0 million; the sale generated net cash proceeds of approximately $292.0 million. As a complement to our successful buyback program, we continued to wind down our suburban portfolio to sharpen our focus exclusively on core New York City assets.

We also made enormous progress on One Vanderbilt in 2017 and thus far in 2018. Early in 2017 we brought in capital partners National Pension Service of Korea, which acquired a 27.6 percent joint venture stake, and our co-developer, Hines Interests LP, which acquired a 1.4 percent interest in the project. We have more than 500,000 square feet of leases signed with top global law firms Greenberg Traurig and McDermott Will & Emery joining major global financial firms TD Bank and DVB/DZ Bank—all of which committed to relocate their New York headquarters to One Vanderbilt years before the building opens. The office portion of the building is now 31 percent leased, putting us on track for our goal of reaching 37 percent leased by the end of 2018. We are negotiating with a number of additional prospective tenants and look forward to more lease announcements throughout the year.

From the outset of this project, we envisioned that One Vanderbilt would feature one of the best dining experiences in New York City, and last spring we announced that French culinary legend Daniel Boulud had signed on to open an 11,000-square-foot fine dining restaurant alongside a café and patisserie at the base of the building. I am also proud to report that construction is currently ahead of schedule. As of this printing, the steel super structure stands at 14 stories tall and construction teams are currently working at a pace of erecting three floors a month with a goal of reaching the 39th floor by the end of 2018. And as One Vanderbilt builds unstoppable momentum on the leasing side, we are beginning to focus our attention on creating a one-of-a-kind experience at the observation deck, working with our strategic partners to begin design-development in anticipation of a 2021 opening. It will be the most exciting building-top experience in New York City and quite possibly the world.

In addition to the tenants we landed at One Vanderbilt, it was another extraordinary year in office leasing, where we've firmly established ourselves as both pioneers and industry leaders. We continue to maintain over a 95 percent occupancy rate by creating a well-balanced tenant roster that reflects the diversity of New York's economy, from technology and media to healthcare and financial services. We've also made heavy investments across our portfolio to redevelop and refresh strategic assets that, although they require some capital expenditure, ultimately support the bottom line. For example, at 280 Park Avenue we embarked on a $143 million, multi-phased redevelopment program that has yielded significant interest from tenants looking for Class-A office space with experienced management and ownership. We've seen similar success at both 10 East 53rd Street and Tower 46. With unparalleled tenant retention rates, a robust leasing pipeline and strong market fundamentals, we are poised for another strong year.

We recognize that many retailers are under pressure due to a confluence of factors—such as increasing online retail purchases and rising costs of doing business in New York City (attributable to real estate taxes, minimum wage increases and regulations). Retail rents, which peaked in many Manhattan submarkets in 2015–2016, have for the most part already adjusted to reflect current market conditions and at these new levels, we do see retail demand picking up again. Our own portfolio is almost entirely leased to



1515 Broadway

> “The bedrock of our performance in 2018 and our optimistic outlook is the continued strength of the New York City economy, which keeps producing record office-using jobs.”
>
> **MARC HOLLIDAY**
> *Chief Executive Officer*

credit-worthy tenants for long lease terms, and we have good activity on the limited vacancies that exist.

Our Debt & Preferred Equity (DPE) platform continued to be extremely active, executing approximately $1.5 billion in gross originations and generating more than $208 million in revenue in 2017. Thanks to the depth of our relationships and our expertise across all segments of the market, we are the preferred partner for the most complex and profitable deals in New York City, like 245 Park, where we anchored the capital stack in a transaction that helped achieve better pricing across the board, and 2 Herald Square, where we purchased loans secured by the leasehold interest. We continue to hold a market-leading position in the origination of subordinate debt positions and are frequently the mezzanine lender of choice among borrowers and senior debt providers.

LOOKING AHEAD

Moving into 2018, all indicators point toward another very strong year, with every part of our business firing on all cylinders through the first quarter.

The bedrock of our performance in 2018 and our optimistic outlook is the continued strength of the New York City economy, which keeps producing record office-using jobs, with growth revised upward to 28,000 jobs in 2017 and projected to be another 20,000 jobs higher in 2018. Wall Street profits were $24.5 billion last year, up 42% from 2016, with the “Big 5” banks having already reported that earnings for the first quarter of 2018 were up a solid 18.5% year over year. Positive economic forces underlying this cycle have resulted in an all-time low unemployment rate of 4.2% in New York City.

The impact of this positive economic news is already being felt in the office market. Vacancy levels decreased slightly in the first quarter for Midtown and Midtown South as 1.0 million square feet were net absorbed on over 6.2 million square feet of leasing activity—meaning new leasing activity outpaced space returns and new additions to inventory.

We are seeing this activity in a big way in our own leasing. As of the time of printing, we’ve signed more than 500,000 square feet of leases already this year, with a robust pipeline exceeding 1.3 million square feet, the best pipeline of deals we’ve ever had at this time of year. Because of the underlying strength in the leasing market—driven by positive job growth—we are on track to meet or even exceed our leasing goals for the year.

The investment market is also resurgent, with more than $12 billion of transactions in the first quarter of the year, despite a modest increase in interest rates. For those of you that participated in our Investor Conference last December, this sharp increase in activity should come as no surprise as we emphasized an upturn in the sales market developing in the 4th quarter that we projected to carry over into 2018—and it has. Pricing has remained relatively stable for high-quality, well-located office assets, and the expectation is for this trend to continue in the near-term, as there is an abundance of domestic and foreign equity capital with acquisition objectives across the entire spectrum of product and submarkets.

All of this investment activity supports the continued growth of our Debt & Preferred Equity business, a market that we dominate in New York City. Our first quarter activity in this space is phenomenal—with $224.5 million of new debt and preferred equity investments originated or acquired at a retained yield of 8.6%.

As long as this investment market exists, we will continue to be active participants both as a buyer and seller, focusing on the net proceeds generated to fund all our redeployment opportunities on a leverage neutral basis. In fact, we went to contract or closed on seven disposition deals already this year with a gross asset value of approximately $1.3 billion, including the agreement to sell 1745 Broadway for $633.0 million.

The main target of the proceeds from asset sales is the industry’s most aggressive stock buyback program. We believe that our strategy of monetizing assets at attractive sale prices for redeployment into leverage-neutral share buybacks is a winning formula. We have acquired an additional 4.4 million shares year-to-date, bringing the total repurchased since last year to 12.7 million shares. If the current dynamics remain, we will be in discussions this year about expanding the program even further.

Make no mistake—we share your frustration with the extraordinary gap between our NAV and stock price, and we are doing something about it. There is nothing more important to us than continuing to create value for shareholders in a way that will be reflected in the stock price. And in case there is any doubt about our alignment with you, the shareholders, know that Andrew, myself and our entire management team all have very significant portions of our net worths invested in our stock. This is the ultimate proof of our belief in the underlying fundamentals of the tremendous business we have built together.

For 20 years, we have delivered enormous value in this market, with this world-class team. Although Steve Green’s role is transitioning to Chairman Emeritus, he will continue in his role as a member of the Board of Directors and, we know his DNA will always be a part of this company and this city.

We are delivering again on your behalf in 2018, with a very specific strategy to set SL Green apart as best-in-class and again, outperform our sector.

Thank you for your continued support as we stand together in our mission.

Marc Holliday
Chief Executive Officer

NYC

For 20 years, the fortunes of New York City and SL Green have been intertwined, and both are well poised to benefit in the years ahead from the emerging trends we have identified and built our company around.

GMP RISE

New York metro area's gross metropolitan product (GMP) has steadily risen in the last twenty years from $915 billion in 1997 to $1.74 trillion in 2017.[1]

$1,740,00

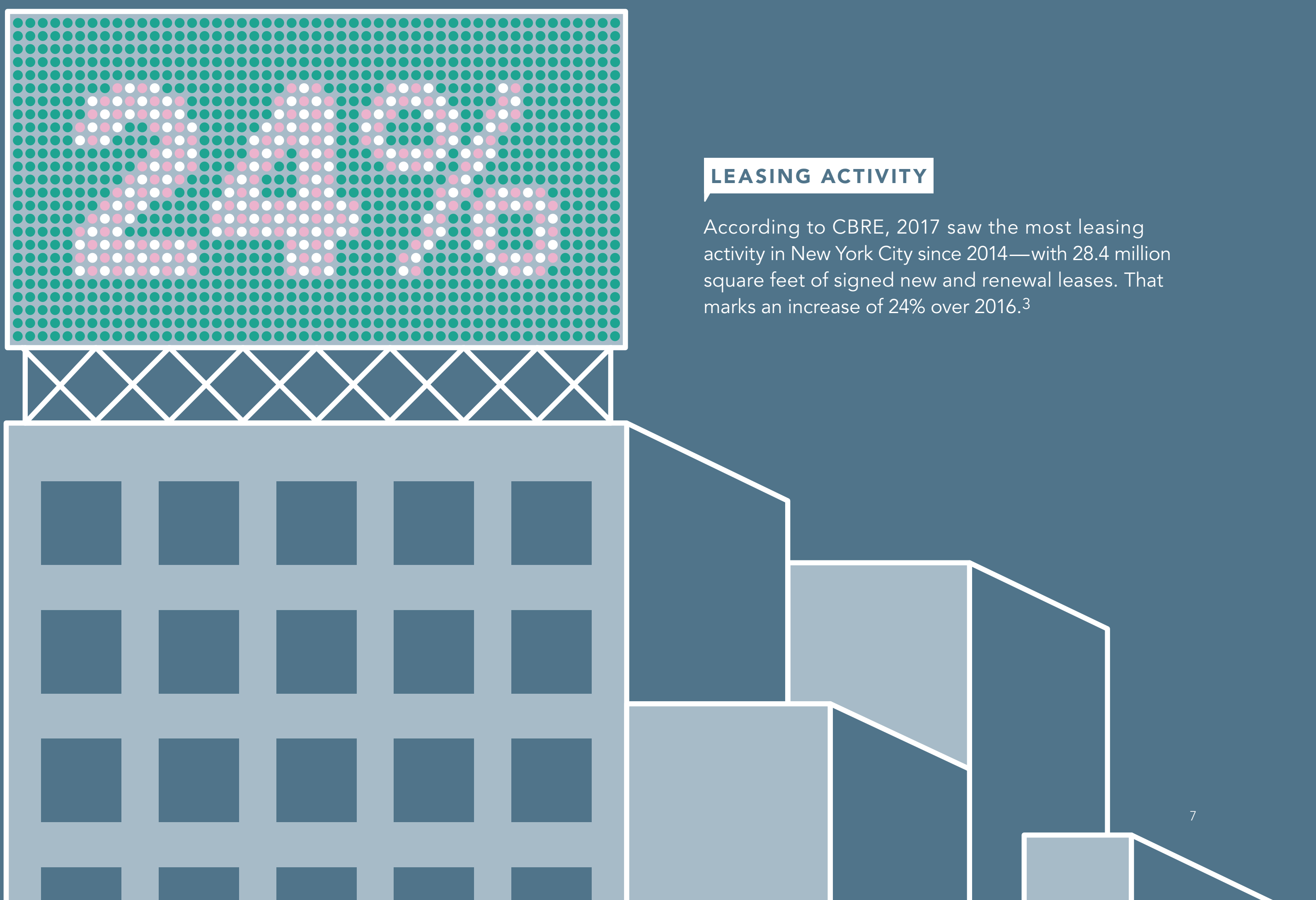
Economic Strength, Potential & Growth

CAPITAL FLOW

Investment in New York City real estate has surged from approximately $1.55 billion in 1997 to nearly $35 billion in 2017.[2]

Strength

The increase in GMP, coupled with job growth well above the national average, are solid indicators of a robust economy, able to outperform across economic cycles.



LEASING ACTIVITY

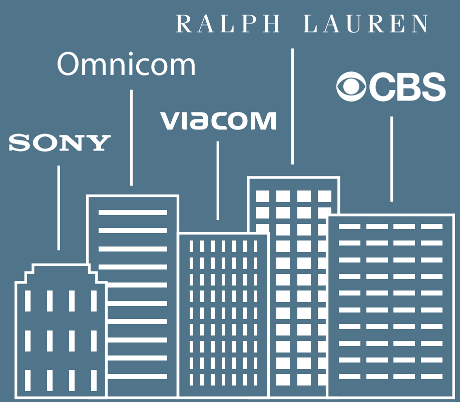
According to CBRE, 2017 saw the most leasing activity in New York City since 2014—with 28.4 million square feet of signed new and renewal leases. That marks an increase of 24% over 2016.[3]

Potential

As home to the headquarters of dozens of *Fortune* 500 companies, New York City remains a powerful magnet to the ambitious. The trend toward urbanization ensures a steady growth in population and a healthy and diverse pool of talent.

CORPORATE HEADQUARTERS

New York City boasts the most *Fortune* 500 companies across major cities, with 48 of those types of businesses currently headquartered in the city.[4]



URBANIZATION

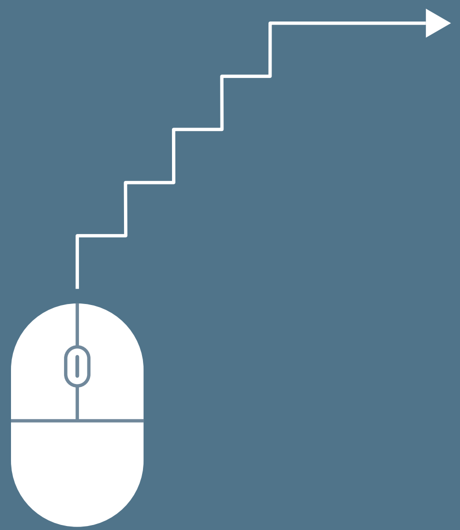
The workforce of tomorrow continues its migration to urban areas. The projected population growth for Manhattan is even more pronounced, estimated to grow by 6.7% between 2010 and 2040, from 1,586,000 to 1,692,000 persons.[5]

VENTURE CAPITAL

Funding to New York City-based, VC-backed companies increased by 41% in 2017, compared with the prior year.[6]

Growth

Population growth, the rapid expansion of healthcare and education, record tourism, and the development of the city as a center of technology have all contributed to an active construction market.

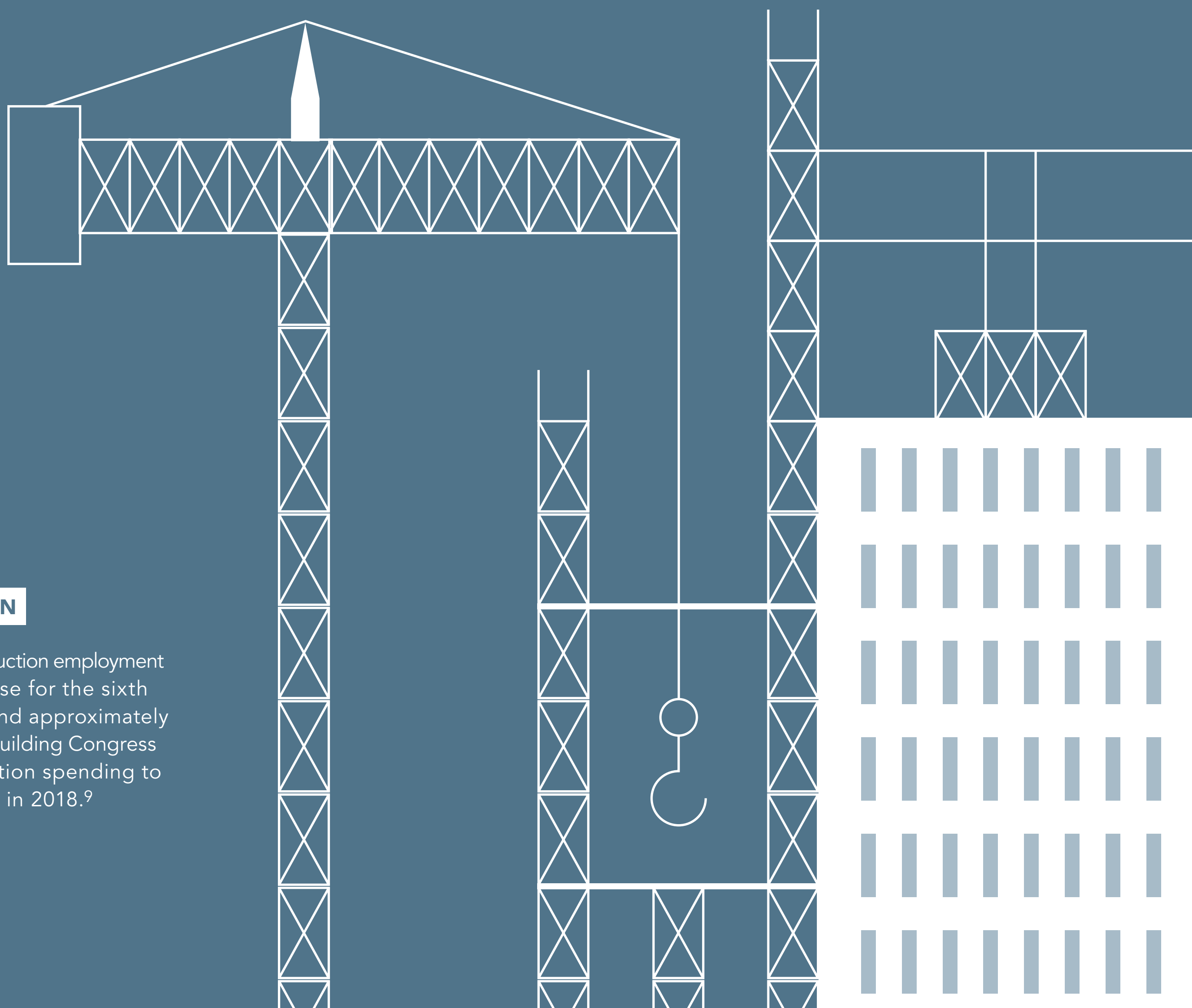


JOB GROWTH

The New York City region's economy continues to generate jobs across several industries, due to its size and diversity. In 1997, total nonfarm employment stood at 3.50 million jobs; 20 years later, it has grown to 4.47 million jobs.[7]

OFFICE POPULATION

The office-using population is at an all-time high of 1.66 million jobs, according to the state's Department of Labor.[8]



CONSTRUCTION

New York City construction employment is poised to increase for the sixth consecutive year and approximately 160,000 jobs. The Building Congress forecasts construction spending to reach $52.5 billion in 2018.[9]

SLG

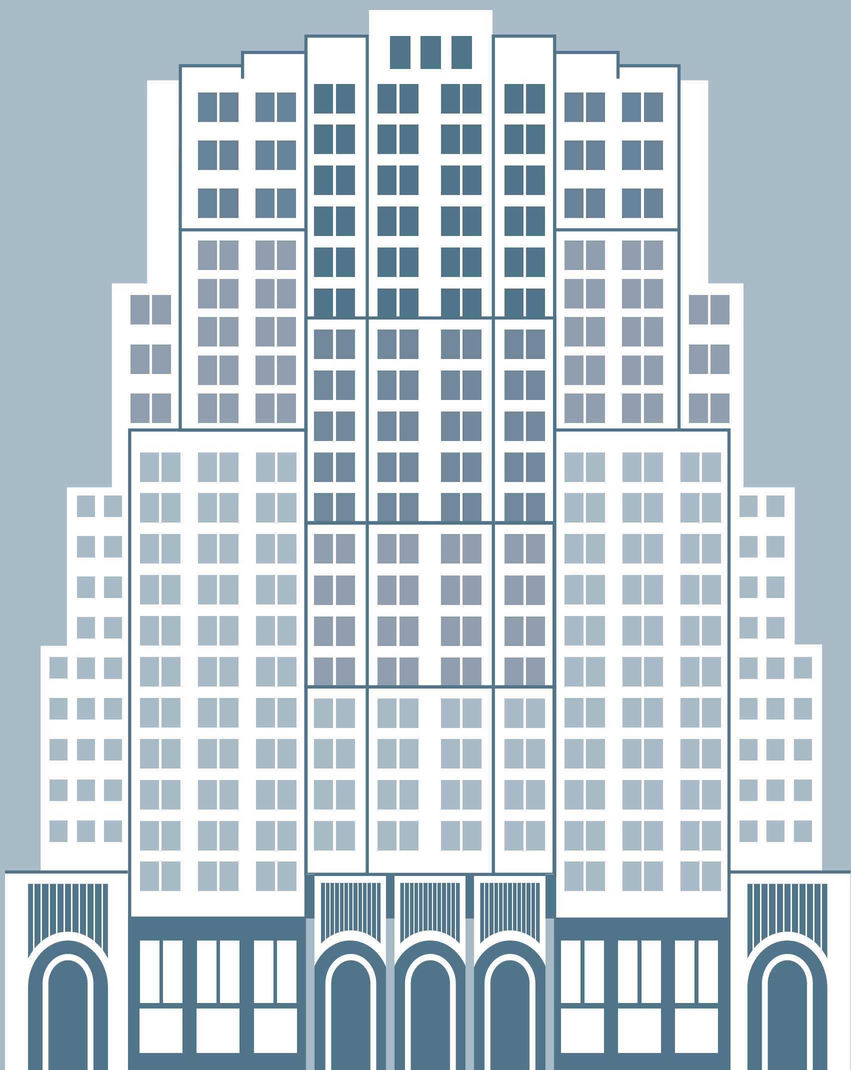
A strong labor market is a powerful contributor to a fully-leased portfolio. The factors that generate an economy to grow also drive tenants' need for the kinds of properties that SL Green specializes in providing.

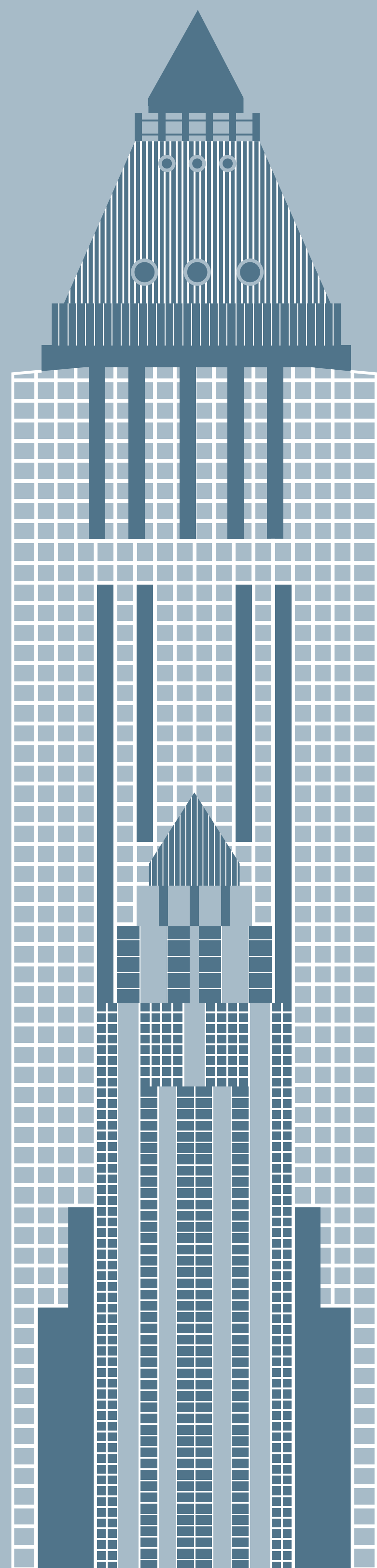
WORLDWIDE PLAZA

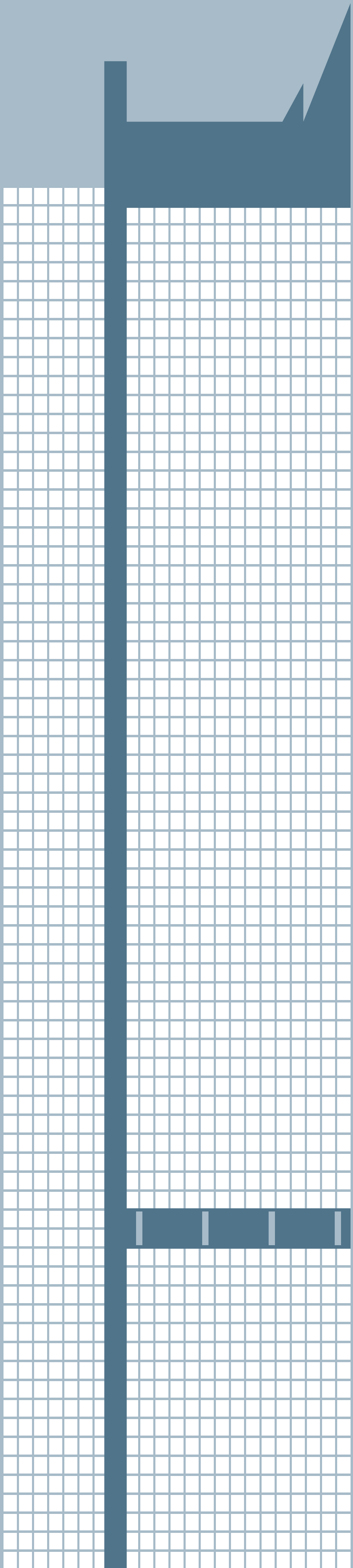
With convenient access to transit and a historic reputation, Worldwide Plaza serves as the North American headquarters for Nomura Holdings, Inc. and Cravath Swaine and Moore LLP, as well as other high-quality office tenants including WebMD, WNet.org, and CBS Broadcasting.

11 MADISON

11 Madison has well-capitalized, best-in-class tenants such as Credit Suisse Securities (USA), Inc; Sony Corporation; WME-IMG, LLC, and Yelp.





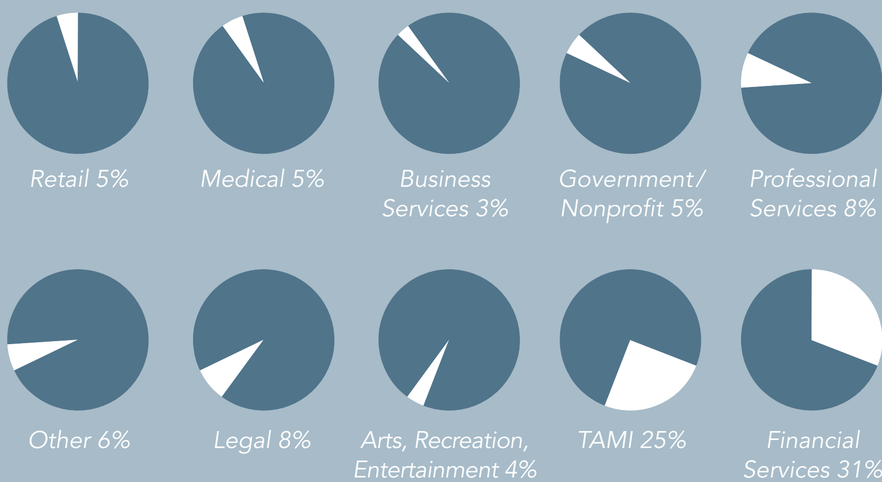


1515 BROADWAY

In 2012, following a comprehensive redevelopment of the property that included the repositioning of all retail space, a new lobby, new elevators, revitalized building systems along with new state-of-the-art signage, Viacom signed a long-term lease renewal and will occupy the building's office space through 2031.

DIVERSIFIED TENANT BASE

SL Green benefits from tenant diversity, insulating the company from the impact of industry-specific events—adding strength and resilience to our portfolio.

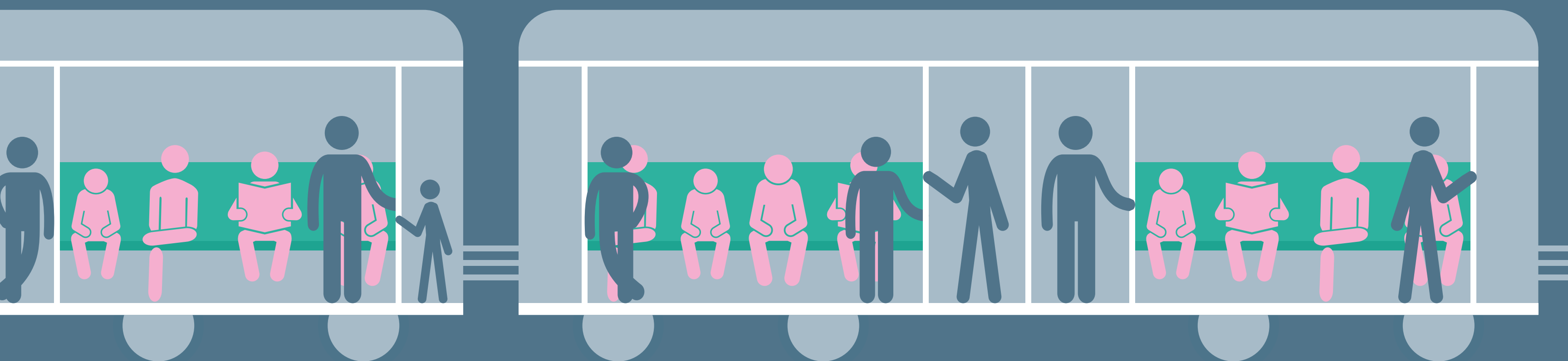


NYC

New York City is transforming its infrastructure with several large-scale projects aimed at making access to the city faster and easier than ever before.

JFK AIRPORT REDEVELOPMENT

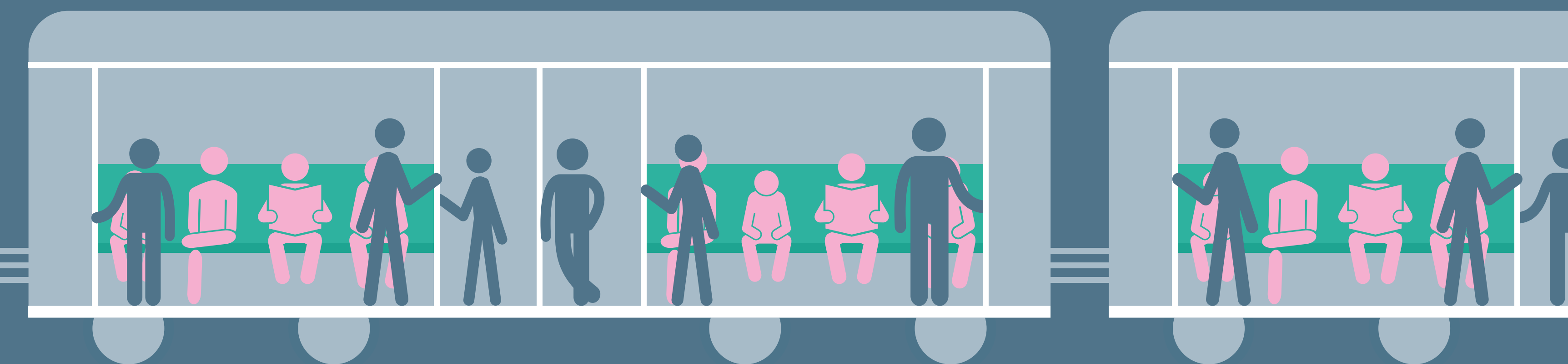
The plan for the redevelopment of JFK Airport includes redeveloping older terminals, improving the interconnectedness with a "ring road" and central parking lot, improving access via the Van Wyck and Kew Gardens Interchange, and improving the overall amenities and technology available at the airport. Governor Cuomo called for proposals on July 18, 2017, and a timeline for completion has not been set. The estimated cost of the project is $10 billion (with $7 billion expected to come from private sector Investment).[10]



Accessibility/ Infrastructure

LAGUARDIA REDEVELOPMENT PROJECT

LaGuardia airport is being transformed with projects that will rebuild and link terminals, an AirTrain from Willets Point station, additional airplane taxi lanes and new amenity features. The estimated cost is $8 billion, with approximately 75% of that funded by the private sector. The estimated completion date is 2021.[11]



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EAST SIDE ACCESS

The East Side Access project connects Grand Central to the LIRR, bringing new vitality to East Midtown. When completed, it will serve approximately 162,000 customers per day, providing a faster and easier commute from Long Island and Queens to the East Side of Manhattan with a new 8-track terminal and concourse below Grand Central Terminal.[12]

162,000

SLG

SL Green is poised to take advantage of the city's investment in infrastructure, with properties concentrated around commuting hubs that are the lifeline of the city.

MIDTOWN EAST

The East Side of Midtown Manhattan is the largest central business district in the world and home to the highest concentration of SL Green properties within a one-mile radius. Our portfolio is perfectly located to meet the demand for office space.[13]

INFRASTRUCTURE INVESTMENT

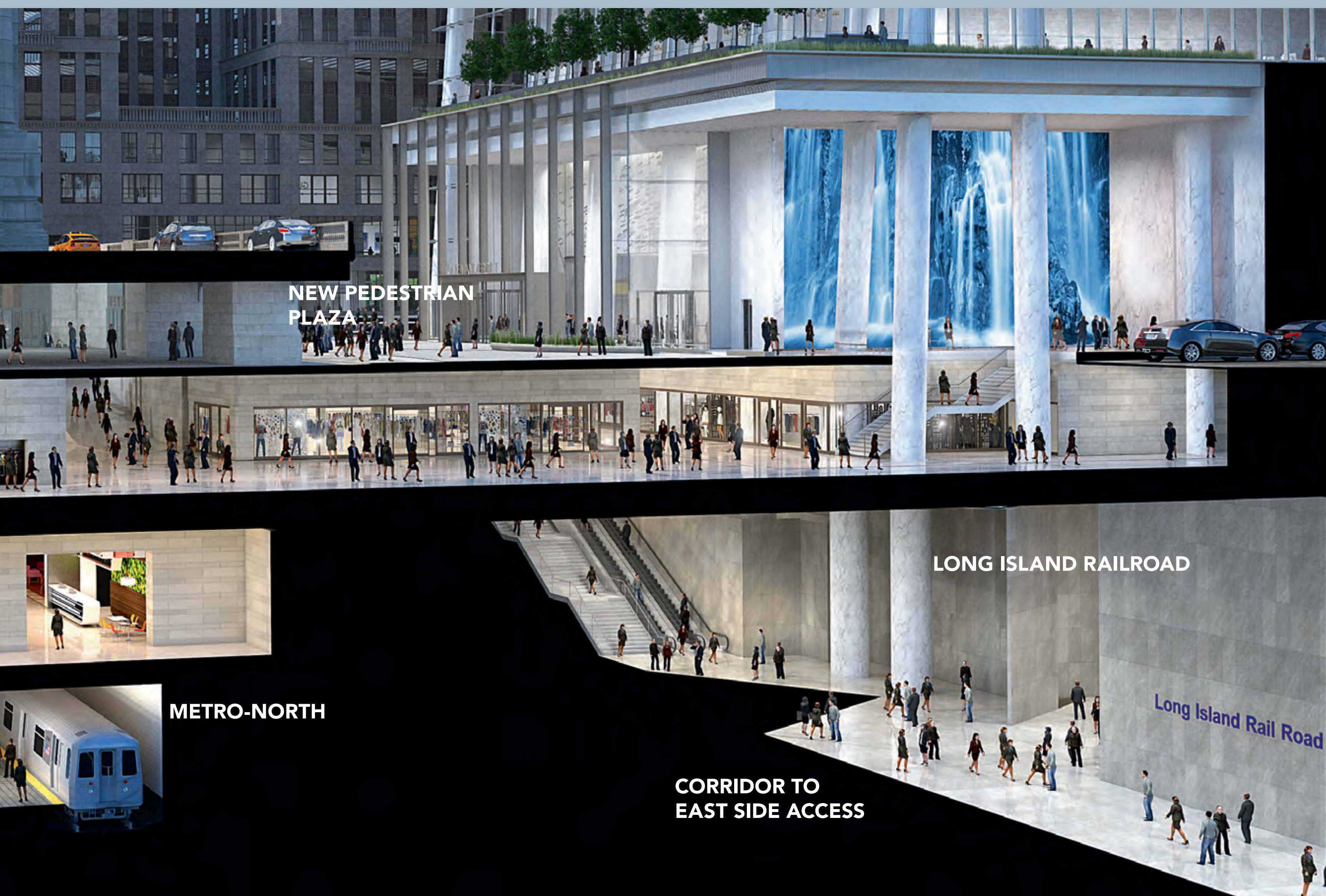
Through SL Green's unprecedented $220 million public infrastructure investment, One Vanderbilt will transform the commuting experience for hundreds of thousands of travelers through Grand Central each day. These infrastructure upgrades, funded in part by Midtown rezoning transit funds, will enhance access into and out of the Grand Central complex for riders of the city subway system, Metro-North and future Long Island Railroad East Side Access.

ONE VANDERBILT / GRAND CENTRAL

One Vanderbilt was designed with the East Side Access project in mind, offering tenants unparalleled ease of access to the property. The revitalization of East Midtown is a significant development in the life of the city, and SL Green is helping to lead the way. One Vanderbilt has been designed to be the preeminent business address in Manhattan, with a full set of building features and amenities that will redefine the workplace of tomorrow.

LOCATION

SL Green's strategic imperative has been to seek out, acquire, refine and develop properties in and around the transportation hubs that serve as the life force of the city.

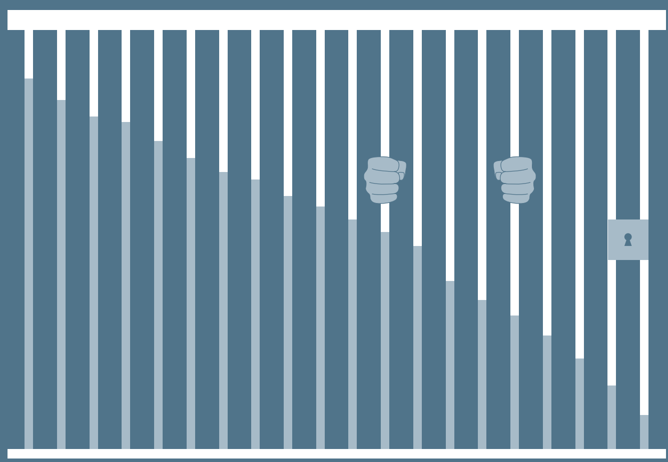


NYC

The emerging workforce is concerned about quality of life both inside and outside the office. New York City's investment in quality-of-life enhancements helps attract and retain a vibrant workforce.

SAFETY

New York City has achieved unprecedented, sustained declines in crime over the last 20 years. Violent crimes continue their downward trend.[14]

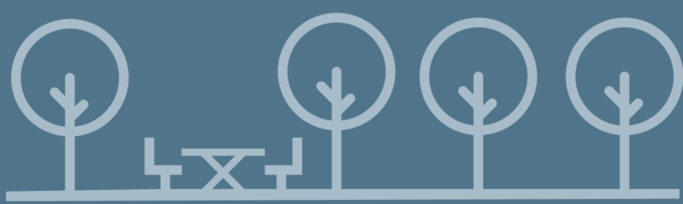


ECO-FRIENDLY

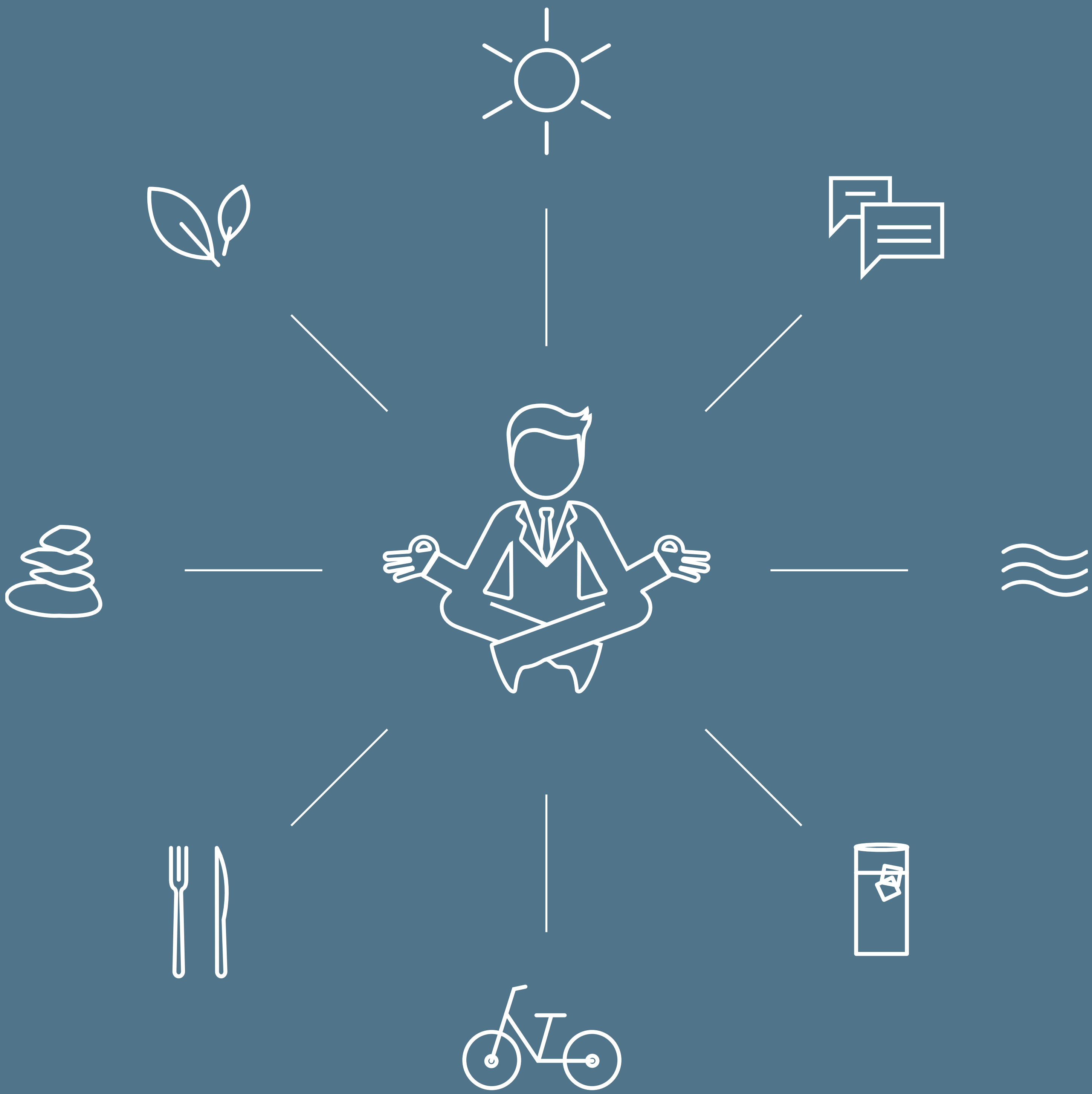
Eco-friendly design features and sustainable buildings are sprouting up faster than ever. Buyers are seeking out the next best green amenity, from filtered showers to electric vehicle charging stations. Environmentally friendly design is being embraced by developers and real estate professionals alike.[15]

NEW NYC PARKS & PROJECTS

New large-scale park development projects in New York City include the East River Greenway, the Highline & Lowline, Pier 55 and Highbridge Park.



Livability/ Environment



WORKFORCE PRIORITIES

The workforce of today has different expectations for what the workplace should provide. Beyond the expectation that a building has the best and latest technological infrastructure, they expect a healthy environment with good air quality and natural light. They are also looking for quality-of-life enhancements—like ease of access, good food, informal meeting areas and a host of other amenities that improve the quality of the workplace experience.

SLG

Tenants in our buildings need to do more than ever before to attract and retain top talent. The superior performance and design of our assets yield quality-of-life enhancements that truly distinguish a workplace.

Across the 9 properties that earned LEED certifications through the LEED Volume program, we:

- Implemented LEED plans and policies throughout 100% of properties.
- Decreased average water consumption by 24%.
- Offset 9,200 metric tons of CO_2e through wind-power generation.
- Met sustainable criteria with 75% of janitorial cleaning and paper product purchases.

Our LEED Volume efforts reduced energy consumption by 697,708 kWh/year. This is equivalent to 490 metric tons of CO_2 avoided per building, or:

- 104 cars being removed from the road.
- 12,700 tree seedlings growing for 10 years.
- Saving 58,000 gallons of gasoline.
- The energy to power 52 homes for a year.

2018 Goal: Achieve LEED certifications across 73% of owned and managed portfolio.

TENANT WELLNESS PROGRAM

SL Green's best-in-class sustainability program has established a new precedent for office environments and landlord-tenant relationships. We believe that the office of the future is not only sustainable and energy efficient, but is an environment that facilitates work-life balance and wellness.

Our latest initiative is SL Living Green, an app that offers our tenants a suite of wellness amenities such as yoga, meditation, educational speaking events and health-food pop-ups in partnership with Better Spaces. Through this program, we will redefine what can be accomplished in a standard office and leverage our spaces to create a culture of community, productivity and health.

A **Explore fresh food and juice in your building.**

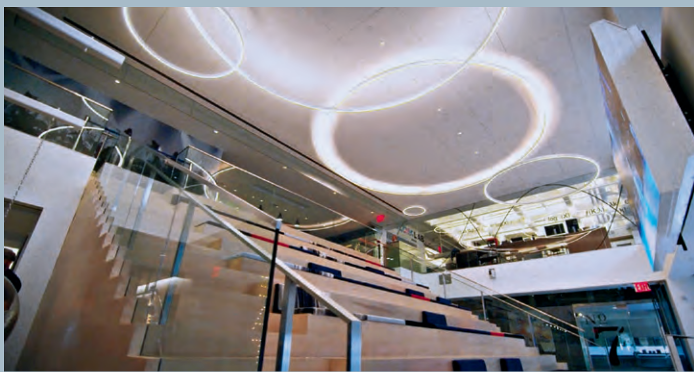
B **Look for upcoming events and hangouts.**

C **Plan your upcoming week by setting your own events.**

SLG SUSTAINABILITY INITIATIVES

SL Green is committed to maintaining market-leading sustainability performance for our tenants, investors and city. With executive and Board oversight of the program, environmental, social and governance initiatives are given top-down support and are prioritized companywide.


10 East 53rd Street, Eco Wall


1515 Broadway, LED Retrofits

1515 Broadway, Load-Based Optimization System (LOBOS)


100 Park Avenue, Green Setbacks

OUR KEY ACHIEVEMENTS

#1 MOST SUSTAINABLE REIT
by *Real Estate Finance & Investment*
(2017, 2018)

30% REDUCTION IN GREENHOUSE GAS EMISSIONS
commitment made in New York City Carbon Challenge across 8 million square feet (2016–2026)

100% INCREASE IN LEED-CERTIFIED BUILDINGS
across 9 properties through the LEED Volume program (2017)

133 COMMUNITY EVENTS—
park cleanups, mentoring events and donation drives to provide tenants and employees with volunteering opportunities (2017)

20.5 MILLION SQUARE FEET
connected to a real-time energy management platform (2017)

100% OF NYC PROPERTIES
owned and managed by SL Green are involved with green initiatives, including LEED, ENERGY STAR and the New York City Carbon Challenge (2017)

$17.4 MILLION INVESTMENT IN SUSTAINABILITY FEATURES
above and beyond the latest energy code, included in the base building design of One Vanderbilt (2017)

76 ENERGY STAR SCORE—
average score of SL Green properties, benchmarked in ENERGY STAR Portfolio Manager. Achieved ENERGY STAR Partner for four consecutive years (2015, 2016, 2017, 2018)

“A” RATING FOR ESG PERFORMANCE
on the Global Real Estate Sustainability Benchmark’s (GRESB) Public Disclosure Report (2017)

NYC

A city's vitality is defined by its ability to adapt to emerging business, economic and cultural changes. Technology is transforming the landscape of businesses, and New York City has adapted to these changes by reinventing itself as a technology hub.

GROWTH OF TAMI SECTOR

TAMI (technology, advertising, media and information) employment today is 27% higher than it was at the end of 2009.[16]

TECH WORKFORCE

10% of the nation's developers are located in the New York City metro area.

New York City has the fastest average time to hire engineers in all U.S. tech ecosystems.

Average tech job wages are 49% higher than average New York City private sector wages.[17]

FUTURE-PROOFING

With the rapid pace of technological change, constructing "future-proof" properties is increasingly becoming the norm rather than the exception. Building to withstand the test of time, offering tenant flexibility and adaptability, and maximizing value in the face of unpredictable and ongoing global change, future-proof planning for properties is key. The dynamism of New York is underpinned by a robust technology sector that ranks among the global top 10 in future-proofing.[18]

NUMBER OF TECH JOBS IN NYC

Technology is the fastest-growing foreign direct investment sector, increasing an average of 25% annually over the decade. FinTech, digital media and life sciences are the verticals attracting the most investment—making it likely that resources dedicated to capitalizing on these sectors will spur the greatest economic activity.[19]

Technology / Research & Development

SLG

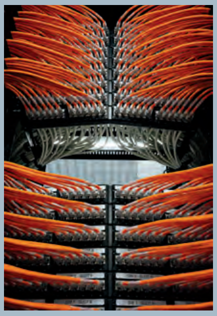
Our properties meet the technological needs of today and are future-proofed against the rapid advances in technology, making SL Green properties home to some of the biggest and best companies in technology.

INFOR (641 SIXTH AVENUE)

Infor Services is a global organization that leverages data science to provide technological solutions for businesses. With technology as the core of its business, Infor depends on SL Green for the reliable, state-of-the-art infrastructure that makes its success possible.

BLOOMBERG (919 THIRD AVENUE)

An industry pioneer in FinTech, Bloomberg requires technological infrastructure second to none. Its choice of an SL Green property speaks to the quality of our buildings.



SONY (11 MADISON AVENUE)

One of the world's most well-known media / technology conglomerates, Sony Inc has chosen to make 11 Madison Avenue its headquarters.

HIGH-TECH RETROFITS

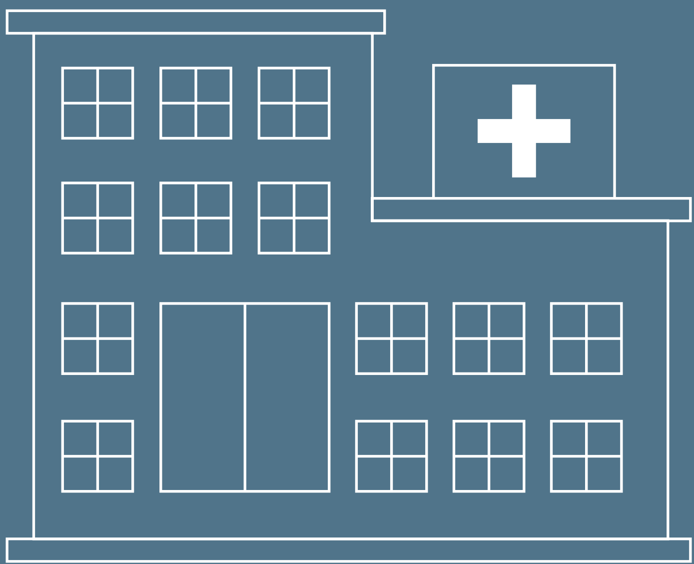
Since 2010, SL Green has invested $50 million in building management system and HVAC upgrades, LED lighting and solar panel installations, and steam station thermal insulation technology.

NYC

Growth in education and healthcare has been robust, bringing both jobs and investment into the city—stimulating the local economy while also providing a healthy pool of talent for businesses throughout the city.

HEALTHCARE

Well over half a million people work in healthcare in New York City, making it the city's second largest employer after the government.[20]



EDUCATION & JOBS

NYCEDC has advocated for the creation of a network of applied sciences research facilities in the city. When those campuses are complete, they are expected to generate $33 billion in economic activity and create 48,000 jobs over a 30-year period.[22]

EDTECH INNOVATION

New York City-based Educational Technology (EdTech) firms, which provide technological processes and resources to facilitate learning and improve performance, have received $1 billion in venture capital investment between 2008 and 2017, making up 1 out of every 8 dollars of venture capital investment in EdTech across the country.[21]

Education / Healthcare

SLG

The quality and diversity of SL Green's portfolio attracts tenants across healthcare and education subsectors. Our properties are home to universities, public libraries and facilities for healthcare providers.

HEALTHFIRST (100 CHURCH STREET)

This health insurance provider first signed its lease with SL Green's property at 100 Church Street in 2010 and has maintained its headquarters in the building ever since.

MOUNT SINAI BETH ISRAEL & GREATER NEW YORK HOSPITAL ASSOCIATION (555 WEST 57TH STREET)

As these world-renowned healthcare providers evaluate their leasing needs, they continue to lock in rents at 555 W 57th Street, with Greater New York Hospital association's original lease dating back to 1988 and Mount Sinai Beth Israel tenancy beginning in 2011.

EDUCATION

SL Green is proud to participate in the growth of the education sector, with education-related tenants such as: The City University of NY; TPR Education LLC; The Trustees of Columbia University in the City of New York; The New York Public Library, Astor, Lenox & Tilden Foundations; The Juilliard School; Bright Horizons Children's Centers LLC.

NYC

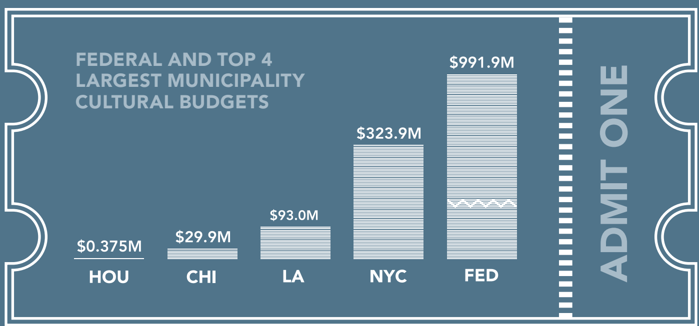
A record number of tourists continue to add fuel to the New York City economy, drawn to the city by a plethora of cultural activities, superb restaurants, and some of the world's premier retail destinations.

CULTURAL INVESTMENT

Today, New York City invests more in arts and culture than any other city in the country. The creative and cultural sectors in New York City provide over 400,000 jobs and have experienced growth exceeding 20% since 2005.[23]

TOURISM

Steady New York City tourism, a critical driver of the economy, continued to grow as a record 62.8 million tourists visited the city in 2017. Since 2010, tourism spending has marched upwards by over $1 billion per year.[25]



HIGH FASHION

In New York City alone, fashion is a $98 billion industry, with apparel production representing 30% of all manufacturing jobs. An estimated 900 fashion companies have their headquarters in New York City, which is the largest retail market in the country — generating more than $15 billion in annual sales.[24]

Culture / Tourism

SLG

SL Green is landlord to some of the world's finest restaurants, popular theaters, book publishers, and media conglomerates, playing a vital role in the cultural life of the city.

ART / CULTURE

Home to *The Lion King*, 1515 Broadway is an iconic 54-story office tower located between 44th and 45th Streets. It is situated in the bowtie of Times Square, within New York City's famed Theater District and just steps from 14 subway lines, Penn Station, and the Port Authority Bus Terminal.[26]

FINE DINING

SL Green is proud to feature world-renowned fine-dining experiences in New York City, including Michelin-rated Eleven Madison Park restaurant.

RETAIL

SL Green's retail platform leverages a deep New York relationship database to find best-in-class assets with strong liquidity, as well as opportunistic investments in growth-oriented submarkets.

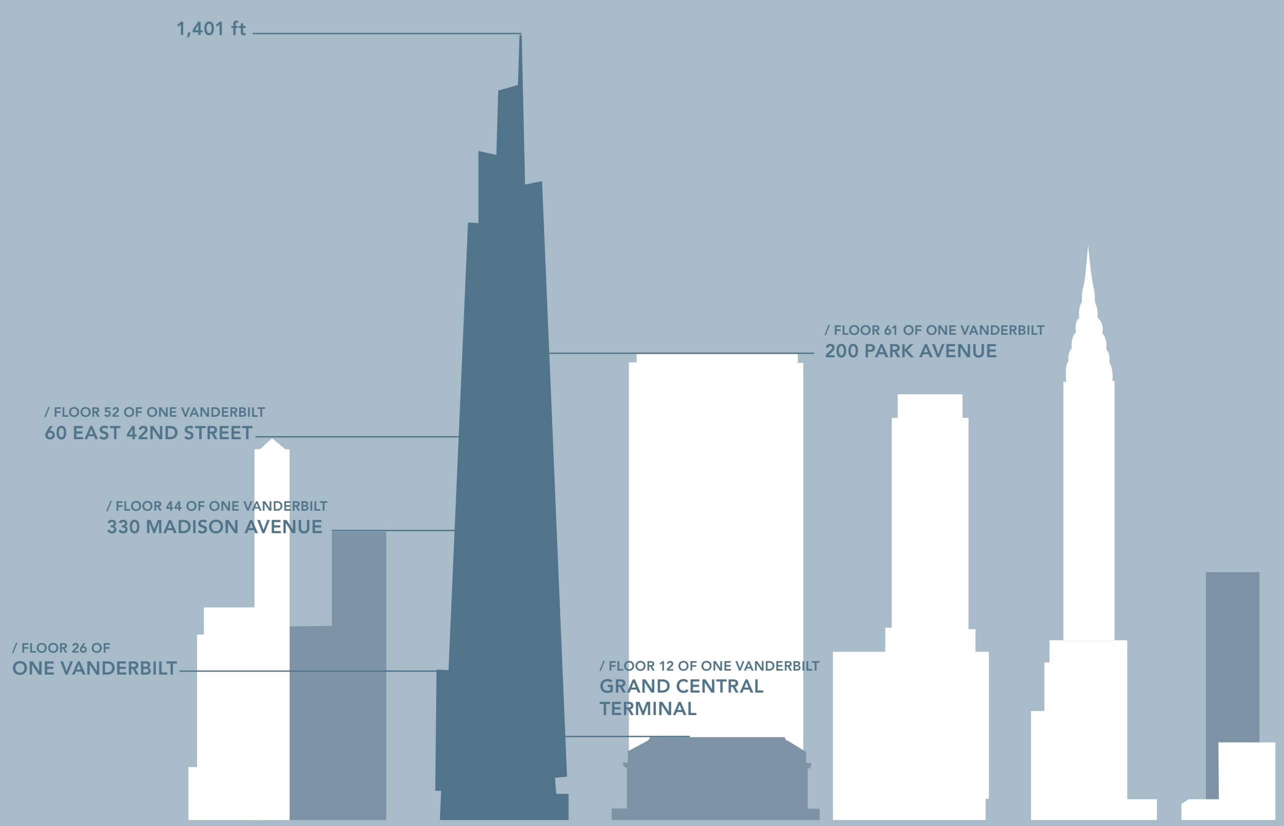
NYC / SLG

One Vanderbilt sets the standard for 21st century design, transforms the skyline, and creates the ultimate tenant experience with one-of-a-kind amenities and state-of-the-art features that significantly improve the quality of life for our tenants and their employees.

A UNIQUE PERSPECTIVE

ONE FOCUS. ONE DESIGN. ONE EXPERIENCE. ONE DESTINATION. ONE BUILDING.

Crafting a landmark in the center of Midtown Manhattan that stands out in the city's skyline is about more than simply constructing a building with a memorable profile—it is about redefining the area—ensuring prestige and immediate recognition, as well as enhancing the surrounding metropolis and bringing a new and improved vibrancy and sophistication to its location.



One Vanderbilt

"A shining beacon on the skyline, located in the city's premier business district, One Vanderbilt is a triumph of visionary placemaking and the epitome of the 21st century workplace."

A. EUGENE KOHN, FAIA, RIBA, JIA
Founder & Chairman,
Kohn Pedersen Fox Associates

/ CROWN

ONE VANDERBILT'S CROWN TAKES ITS INSPIRATION FROM CLASSIC NEW YORK ARCHITECTURE.

/ RICH FACADE

FLOOR-TO-CEILING WINDOWS; A RICHLY TEXTURED FACADE FEATURING GLAZED TERRACOTTA.

/ ICONIC ARCHITECTURE

UNLIKE MOST NEW YORK CITY SKYSCRAPERS, ONE VANDERBILT'S TAPERED FORM CREATES A UNIQUE EXPERIENCE ON EVERY FLOOR.


A


B


C


D


E

AMENITIES

A / FINE DINING

A signature Daniel Boulud restaurant featuring 110 seats, private dining rooms, and an Épicerie. Boulud's soulful dishes are grounded in the rhythm of the seasons and rooted in French tradition.

B / FUNCTIONALITY

Amenities include a 40-seat board room, travel showers, lounge seating, a multipurpose function space and an outdoor terrace. The entire third floor is an amenity space for exclusive use by tenants.

C / SOCIAL SPACES

Helping tenants and their guests relax and unwind in stylish comfort in the heart of the city, One Vanderbilt's social spaces offer a chance to get away without leaving.

D / EASY ACCESS

A private entrance was designed to offer fast, easy and discrete "black car" access to building executives. Meanwhile, gourmet food, high-end retail and world-class hotels are all within a 10-block radius.

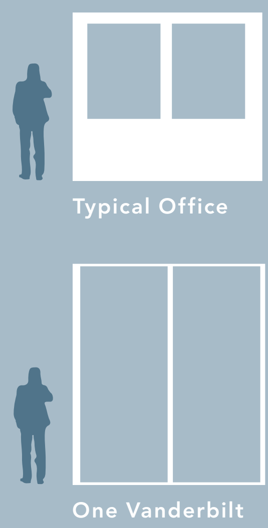
E / OUTDOOR TERRACE

Tenants and guests can take some air and enjoy the city from a unique and prestigious vantage point—5,000 square feet of dedicated terrace space that overlooks Grand Central Terminal.

F / WELLNESS & TRENDS

Open spaces, high ceilings, abundant natural light and clean air and water systems all lead to a healthy work environment. Employees benefit from the exceptional quality of life the building provides.

WINDOW LINES



STATE-OF-THE-ART

One Vanderbilt has been designed with the advanced infrastructure, efficiency and flexibility to meet the highest performance standards for any industry by making best use of today's state-of-the-art technologies. The design is future-proofed, with the flexibility to meet the rapidly changing demands of the workforce, today, tomorrow and for decades to come.

HIGHEST LEED AND WELLNESS CERTIFICATION

High performance HVAC; 30% more fresh air.

Lowest carbon footprint of any New York City building.

Natural light reaching 85% of all floor area.

A 11 Madison Avenue **B** 55 West 46th Street (Tower 46) **C** 420 Lexington Avenue **D** 1515 Broadway **E** 461 Fifth Avenue **F** 100 Park Avenue

NEW YORK CITY PORTFOLIO

	Properties	Ownership Interest (%)	(As of December 31, 2017) Submarket	Ownership	Usable Square Feet	Occupancy (%)
Office Portfolio						
1	1 Madison Avenue	100.0	Park Avenue South	Fee Interest	1,176,900	100.0
2	3 Columbus Circle	48.9	Columbus Circle	Fee Interest	530,981	91.1
3	11 Madison Avenue	60.0	Park Avenue South	Fee Interest	2,314,000	100.0
4	30 East 40th Street	60.0	Grand Central South	Leasehold Interest	69,446	91.4
5	100 Park Avenue	50.0	Grand Central South	Fee Interest	834,000	93.4
6	100 Church Street	100.0	Downtown	Fee Interest	1,047,500	99.6
7	110 Greene Street	90.0	Soho	Fee Interest	223,600	76.5
8	110 East 42nd Street	100.0	Grand Central	Fee Interest	215,400	74.0
9	125 Park Avenue	100.0	Grand Central	Fee Interest	604,245	99.6
10	220 East 42nd Street	100.0	Grand Central	Fee Interest	1,135,000	60.7
11	280 Park Avenue	50.0	Park Avenue	Fee Interest	1,219,158	93.0
12	304 Park Avenue South	100.0	Midtown South	Fee Interest	215,000	100.0
13	420 Lexington Ave (Graybar)	100.0	Grand Central North	Leasehold Interest	1,188,000	95.3
14	461 Fifth Avenue	100.0	Midtown	Leasehold Interest(1)	200,000	96.6
15	485 Lexington Avenue	100.0	Grand Central North	Fee Interest	921,000	68.2
16	521 Fifth Avenue	50.5	Grand Central	Fee Interest	460,000	90.2
17	555 West 57th Street	100.0	Midtown West	Fee Interest	941,000	99.9
18	600 Lexington Avenue	100.0	Grand Central North	Fee Interest	303,515	90.7
19	609 Fifth Avenue	100.0	Rockefeller Center	Fee Interest	160,000	67.8
20	625 Madison Avenue	100.0	Plaza District	Leasehold Interest	563,000	98.8
21	635 Sixth Avenue	100.0	Midtown South	Fee Interest	104,000	100.0
22	641 Sixth Avenue	100.0	Midtown South	Fee Interest	163,000	100.0
23	711 Third Avenue	100.0(2)	Grand Central North	Leasehold Interest	524,000	86.2
24	750 Third Avenue	100.0	Grand Central North	Fee Interest	780,000	98.8
25	800 Third Avenue	60.5	Grand Central North	Fee Interest	526,000	95.0
26	810 Seventh Avenue	100.0	Times Square	Fee Interest	692,000	97.9
27	919 Third Avenue	51.0	Grand Central North	Fee Interest	1,454,000	100.0
28	1185 Avenue of the Americas	100.0	Rockefeller Center	Leasehold Interest	1,062,000	98.1
29	1350 Avenue of the Americas	100.0	Rockefeller Center	Fee Interest	562,000	90.0
30	1515 Broadway	70.0	Times Square	Fee Interest	1,750,000	98.4
31	1745 Broadway	56.88	Midtown	Other(3)	674,000	100.0
32	Worldwide Plaza	24.35	Westside	Fee Interest	2,048,725	98.5
Subtotal					**24,661,470**	
Retail Portfolio						
33	11 West 34th Street	30.0	Herald Square/Penn Station	Fee Interest	17,150	100.0
*	21 East 66th Street	32.3	Plaza District	Fee Interest	13,069	100.0
34	115 Spring Street	100.0	Soho	Fee Interest	5,218	100.0
35	121 Greene Street	50.0	Soho	Fee Interest	7,131	100.0
36	131-137 Spring Street	20.0	Soho	Fee Interest	68,342	89.6
*	315 West 33rd Street—"The Olivia"	100.0	Penn Station	Fee Interest	270,132	100.0
37	717 Fifth Avenue	10.9	Midtown/Plaza District	Fee Interest	119,550	100.0
38	724 Fifth Avenue	50.0	Plaza District	Fee Interest	65,010	84.7
*	752-760 Madison Avenue	100.0	Plaza District	Fee Interest	21,124	100.0
*	762 Madison Avenue(4)	90.0	Plaza District	Fee Interest	6,109	100.0
*	Williamsburg Terrace	100.0	Brooklyn, New York	Fee Interest	52,000	100.0
39	1552-1560 Broadway	50.0	Times Square	Fee Interest	57,718	67.5
Subtotal					**702,553**	
Development/Redevelopment Portfolio						
40	One Vanderbilt	71.0	Grand Central	Fee Interest	—	—
41	10 East 53rd Street	55.0	Plaza District	Fee Interest	354,300	77.6
*	19-21 East 65th Street	100.0	Plaza District	Fee Interest	23,610	17.0
42	5-7 Dey Street, 183 & 187 Broadway	100.0	Lower Manhattan	Fee Interest	82,700	—
*	562 Fifth Avenue	100.0	Plaza District	Fee Interest	42,635	100.0
43	650 Fifth Avenue	50.0	Plaza District	Leasehold Interest	69,214	100.0
44	719 Seventh Avenue	75.0	Times Square	Fee Interest	10,040	—
*	175-225 Third Street	95.0	Brooklyn, New York	Fee Interest	—	—
*	55 West 46th Street—Tower 46	25.0	Midtown	Fee Interest	347,000	58.2
*	1640 Flatbush Avenue	100.0	Brooklyn, New York	Fee Interest	1,000	100.0
Subtotal					**930,499**	
Fee Ownership—Subject to long-term, third-party net operating leases.						
*	635 Madison Avenue	100.0	Plaza District	Fee Interest	176,530	100.0
Subtotal					**176,530**	
Residential Portfolio						
*	315 West 33rd Street—"The Olivia"	100.0	Penn Station	Fee Interest	222,855	85.9
*	400 East 57th Street(4)	41.0	Upper East Side	Fee Interest	290,482	92.3
*	400 East 58th Street(4)	90.0	Upper East Side	Fee Interest	140,000	96.8
*	1080 Amsterdam(4)	92.5	Upper West Side	Leasehold Interest	82,250	99.0
*	Stonehenge Portfolio	Various		Fee Interest	1,439,016	94.1
*	Upper East Side Residential	95.1	Upper East Side	Fee Interest	27,000	42.9
*	605 West 42nd Street—"Sky"	20.0	Midtown West	Fee Interest	927,358	77.6
Subtotal					**3,128,961**	
Manhattan Grand Total					**29,600,013**	

(1) The Company has an option to acquire the fee interest for a fixed price on a specific date.

(2) The Company owns 50% of the fee interest.

(3) Leasehold office condominium. Tenant is currently responsible for ground rent pursuant to triple-net lease.

(4) Stonehenge Portfolio Property.

* Not represented on Manhattan map.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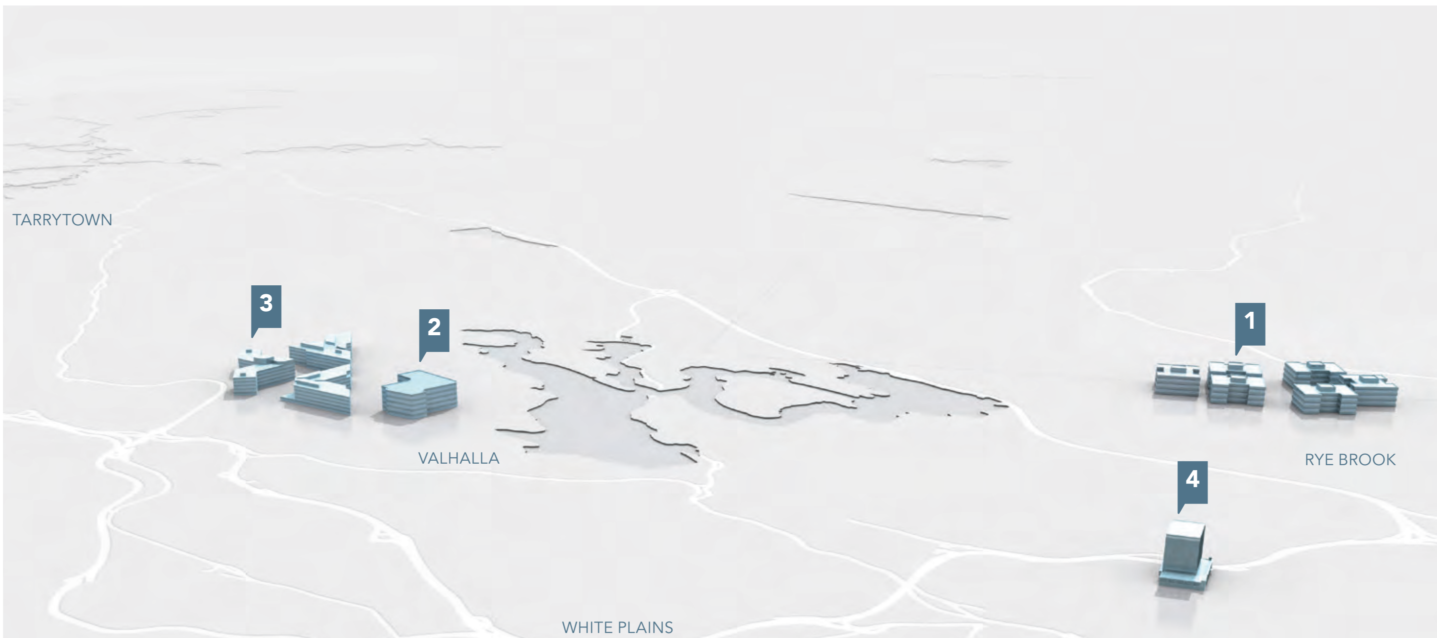
FIRST AVENUE
SECOND AVENUE
THIRD AVENUE
LEXINGTON AVENUE
PARK AVENUE
MADISON AVENUE
FIFTH AVENUE
SIXTH AVENUE


30
23RD STREET
32
34TH STREET
26
42TH STREET
45TH STREET
39
44
EIGHTH AVENUE
50TH STREET
31
2
17
54TH STREET
NINTH AVENUE
TENTH AVENUE
57TH STREET
SEVENTH AVENUE
CENTRAL PARK SOUTH
COLUMBUS CIRCLE
CENTRAL PARK WEST
BROADWAY

SUBURBAN PORTFOLIO

Properties		Ownership Interest (%)	Submarket	Ownership	Usable Square Feet	Occupancy (%)
			(As of December 31, 2017)			
Office Portfolio						
1	1100 King Street—1 Int'l Drive	100.0	Rye Brook, New York	Fee Interest	90,000	74.8
1	1100 King Street—2 Int'l Drive	100.0	Rye Brook, New York	Fee Interest	90,000	65.4
1	1100 King Street—3 Int'l Drive	100.0	Rye Brook, New York	Fee Interest	90,000	58.4
1	1100 King Street—4 Int'l Drive	100.0	Rye Brook, New York	Fee Interest	90,000	67.3
1	1100 King Street—5 Int'l Drive	100.0	Rye Brook, New York	Fee Interest	90,000	96.6
1	1100 King Street—6 Int'l Drive	100.0	Rye Brook, New York	Fee Interest	90,000	62.8
2	115-117 Stevens Avenue	100.0	Valhalla, New York	Fee Interest	178,000	67.3
3	100 Summit Lake Drive	100.0	Valhalla, New York	Fee Interest	250,000	92.2
3	200 Summit Lake Drive	100.0	Valhalla, New York	Fee Interest	245,000	87.5
3	500 Summit Lake Drive	100.0	Valhalla, New York	Fee Interest	228,000	100.0
4	360 Hamilton Avenue	100.0	White Plains, New York	Fee Interest	384,000	99.3
5	1 Landmark Square	100.0	Stamford, Connecticut	Fee Interest	312,000	90.0
5	2 Landmark Square	100.0	Stamford, Connecticut	Fee Interest	46,000	97.0
5	3 Landmark Square	100.0	Stamford, Connecticut	Fee Interest	130,000	76.9
5	4 Landmark Square	100.0	Stamford, Connecticut	Fee Interest	105,000	92.4
5	5 Landmark Square	100.0	Stamford, Connecticut	Fee Interest	61,000	98.3
5	6 Landmark Square	100.0	Stamford, Connecticut	Fee Interest	172,000	93.7
5	7 Landmark Square	100.0	Stamford, Connecticut	Fee Interest	36,800	100.0
6	1055 Washington Boulevard	100.0	Stamford, Connecticut	Leasehold Interest	182,000	80.9
7	1010 Washington Boulevard	100.0	Stamford, Connecticut	Fee Interest	143,400	94.6
*	Jericho Plaza	11.67	Jericho, New York	Fee Interest	640,000	70.3
Suburban Grand Total					**3,653,200**	

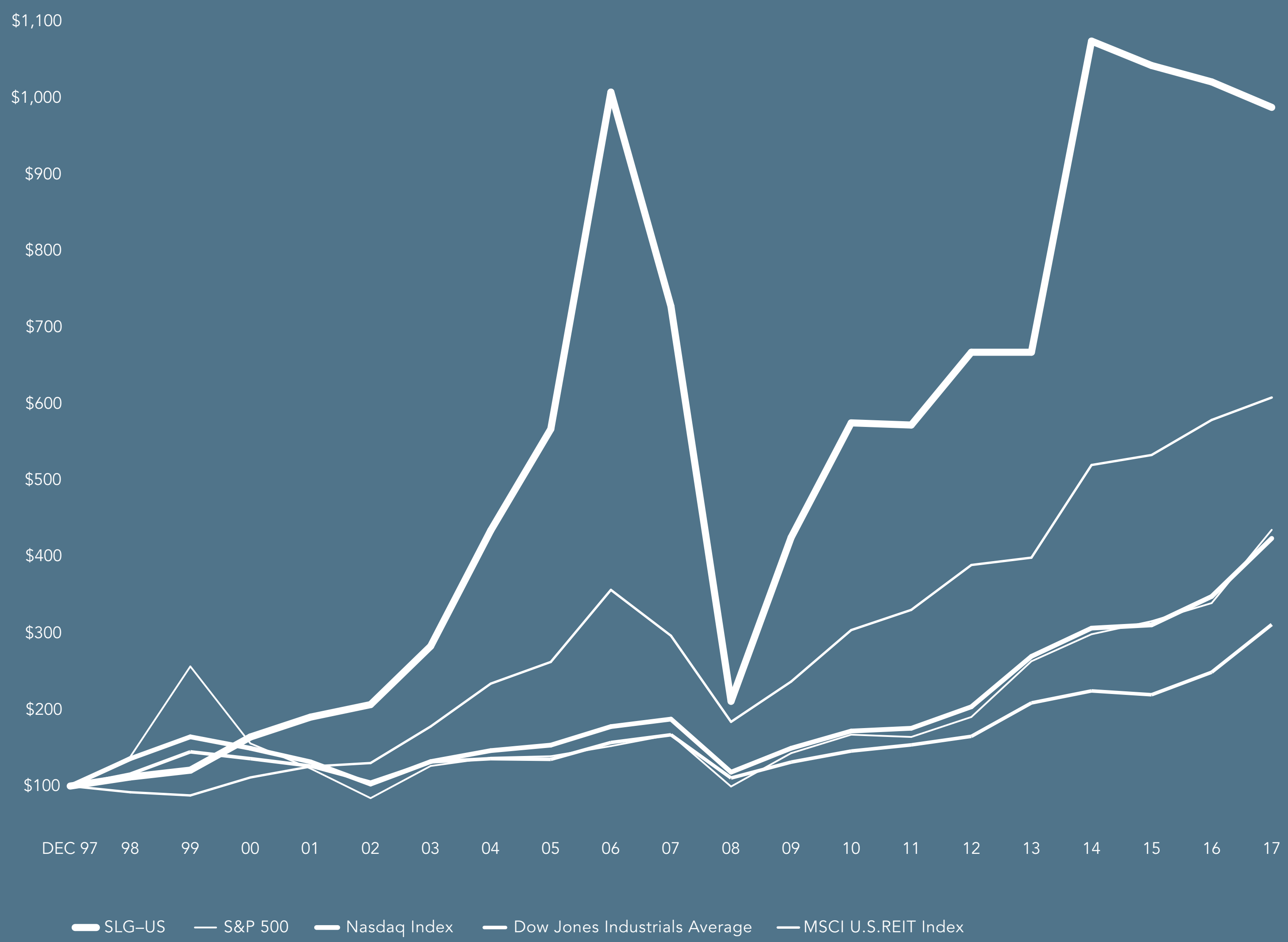
* Not represented on Connecticut and Westchester maps.



G 280 Park Avenue **H** One Vanderbilt (rendering) **I** 825 Eighth Avenue (Worldwide Plaza) **J** 719 Seventh Avenue

Total Return to Shareholders

(Includes reinvestment of dividends)
(Based on $100 investment made at $21.00 per share [IPO], diluted in dollars)



Financials

CONTENTS

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

SL GREEN REALTY CORP.

	Year Ended December 31,				
Operating Data (in thousands, except per share data)	**2017**	**2016**	**2015**	**2014**	**2013**
Total revenue	**$1,511,473**	$1,863,981	$1,662,829	$1,519,978	$1,371,065
Operating expenses	**293,364**	312,859	301,624	282,283	276,589
Real estate taxes	**244,323**	248,388	232,702	217,843	203,076
Ground rent	**33,231**	33,261	32,834	32,307	31,951
Interest expense, net of interest income	**257,045**	321,199	323,870	317,400	310,894
Amortization of deferred finance costs	**16,498**	24,564	27,348	22,377	15,855
Depreciation and amortization	**403,320**	821,041	560,887	371,610	324,461
Transaction related costs	**(1,834)**	7,528	11,430	8,707	3,985
Marketing, general and administrative	**100,498**	99,759	94,873	92,488	86,192
Total expenses	**1,346,445**	1,868,599	1,585,568	1,345,015	1,253,003
Equity in net income from unconsolidated joint ventures	**21,892**	11,874	13,028	26,537	9,921
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**16,166**	44,009	15,844	123,253	3,601
Purchase price fair value adjustment	**—**	—	40,078	67,446	(2,305)
Gain on sale of real estate, net	**73,241**	238,116	175,974	—	—
Gain (loss) on sale of investment in marketable securities	**3,262**	(83)	—	3,895	(65)
Depreciable real estate reserves	**(178,520)**	(10,387)	(19,226)	—	—
Loss on early extinguishment of debt	**—**	—	(49)	(32,365)	(18,518)
Income from continuing operations	**101,069**	278,911	302,910	363,729	110,696
Discontinued operations	**—**	—	14,549	182,134	40,587
Net income	**101,069**	278,911	317,459	545,863	151,283
Net income attributable to noncontrolling interest in the Operating Partnership	**(3,995)**	(10,136)	(10,565)	(18,467)	(3,023)
Net loss (income) attributable to noncontrolling interests in other partnerships	**15,701**	(7,644)	(15,843)	(6,590)	(10,629)
Preferred unit distributions	**(11,401)**	(11,235)	(6,967)	(2,750)	(2,260)
Net income attributable to SL Green	**101,374**	249,896	284,084	518,056	135,371
Preferred stock redemption costs	**—**	—	—	—	(12,160)
Perpetual preferred stock dividends	**(14,950)**	(14,950)	(14,952)	(14,952)	(21,881)
Net income attributable to SL Green common stockholders	**$ 86,424**	$ 234,946	$ 269,132	$ 503,104	$ 101,330
Net income per common share—Basic	**$ 0.88**	$ 2.35	$ 2.71	$ 5.25	$ 1.10
Net income per common share—Diluted	**$ 0.87**	$ 2.34	$ 2.70	$ 5.23	$ 1.10
Cash dividends declared per common share	**$ 3.1375**	$ 2.94	$ 2.52	$ 2.10	$ 1.49
Basic weighted average common shares outstanding	**98,571**	100,185	99,345	95,774	92,269
Diluted weighted average common shares and common share equivalents outstanding	**103,403**	104,881	103,734	99,696	95,266

Balance Sheet Data (in thousands)	As of December 31, 2017	2016	2015	2014	2013
Commercial real estate, before accumulated depreciation	**$10,206,122**	$12,743,332	$16,681,602	$14,069,141	$12,333,780
Total assets	**13,982,904**	15,857,787	19,727,646	17,096,587	14,959,001
Mortgages and other loans payable, revolving credit facilities, term loans and senior unsecured notes and trust preferred securities, net	**5,855,132**	6,481,666	10,275,453	8,178,787	6,919,908
Noncontrolling interests in the Operating Partnership	**461,954**	473,882	424,206	496,524	265,476
Total equity	**6,589,454**	7,750,911	7,719,317	7,459,216	7,016,876

Other Data (in thousands)	Year Ended December 31, 2017	2016	2015	2014	2013
Net cash provided by operating activities	**$ 548,373**	$ 634,714	$ 526,484	$ 490,381	$ 386,203
Net cash (used in) provided by investing activities	**(18,851)**	2,122,570	(2,265,911)	(796,835)	(628,435)
Net cash (used in) provided by financing activities	**(681,077)**	(2,733,240)	1,713,417	381,171	258,940
Funds from operations available to all stockholders(1)	**667,294**	869,855	661,825	583,036	490,255

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

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

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

SL GREEN OPERATING PARTNERSHIP, L.P.

Operating Data (in thousands, except per unit data)	Year Ended December 31, 2017	2016	2015	2014	2013
Total revenue	**$ 1,511,473**	$ 1,863,981	$1,662,829	$1,519,978	$1,371,065
Operating expenses	**293,364**	312,859	301,624	282,283	276,589
Real estate taxes	**244,323**	248,388	232,702	217,843	203,076
Ground rent	**33,231**	33,261	32,834	32,307	31,951
Interest expense, net of interest income	**257,045**	321,199	323,870	317,400	310,894
Amortization of deferred finance costs	**16,498**	24,564	27,348	22,377	15,855
Depreciation and amortization	**403,320**	821,041	560,887	371,610	324,461
Loan loss and other investment reserves, net of recoveries				—	—
Transaction related costs	**(1,834)**	7,528	11,430	8,707	3,985
Marketing, general and administrative	**100,498**	99,759	94,873	92,488	86,192
Total expenses	**1,346,445**	1,868,599	1,585,568	1,345,015	1,253,003
Equity in net income from unconsolidated joint ventures	**21,892**	11,874	13,028	26,537	9,921
Equity in net gain on sale of interest in unconsolidated joint venture/ real estate	**16,166**	44,009	15,844	123,253	3,601
Purchase price fair value adjustment	**—**	—	40,078	67,446	(2,305)
Gain on sale of real estate, net	**73,241**	238,116	175,974	—	—
Gain (loss) on sale of investment in marketable securities	**3,262**	(83)	—	3,895	—
Depreciable real estate reserves	**(178,520)**	(10,387)	(19,226)	—	—
Loss on early extinguishment of debt	**—**	—	(49)	(32,365)	(18,518)
Income from continuing operations	**101,069**	278,911	302,910	363,729	110,761
Discontinued operations	**—**	—	14,549	182,134	40,587
Net income	**101,069**	278,911	317,459	545,863	151,348
Net loss (income) attributable to noncontrolling interests in other partnerships	**15,701**	(7,644)	(15,843)	(6,590)	(10,629)
Preferred unit distributions	**(11,401)**	(11,235)	(6,967)	(2,750)	(2,260)
Net income attributable to SLGOP	**105,369**	260,032	294,649	536,523	138,459
Preferred unit redemption costs	**—**	—	—	—	(12,160)
Perpetual preferred unit distributions	**(14,950)**	(14,950)	(14,952)	(14,952)	(21,881)
Net income attributable to SLGOP common stockholders	**$ 90,419**	$ 245,082	$ 279,697	$ 521,571	$ 104,418
Net income per common unit – Basic	**$ 0.88**	$ 2.35	$ 2.71	$ 5.25	$ 1.10
Net income per common unit – Diluted	**$ 0.87**	$ 2.34	$ 2.70	$ 5.23	$ 1.10
Cash dividends declared per common unit	**$ 3.1375**	$ 2.94	$ 2.52	$ 2.10	$ 1.49
Basic weighted average common units outstanding	**103,127**	104,508	103,244	99,288	95,004
Diluted weighted average common units and common units equivalents outstanding	**103,403**	104,881	103,734	99,696	95,266

Balance Sheet Data (in thousands)	As of December 31, 2017	2016	2015	2014	2013
Commercial real estate, before accumulated depreciation	**$10,206,122**	$12,743,332	$16,681,602	$14,069,141	$12,333,780
Total assets	**13,982,904**	15,857,787	19,727,646	17,096,587	14,959,001
Mortgages and other loans payable, revolving credit facilities, term loans and senior unsecured notes and trust preferred securities, net	**5,855,132**	6,481,666	10,275,453	8,178,787	6,919,908
Total capital	**6,589,454**	7,750,911	7,719,317	7,459,216	7,282,352

OVERVIEW

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

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

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

LEASING AND OPERATING

In 2017, our same-store Manhattan office property occupancy based on leases signed was 95.3% compared to 95.9% in the prior year. We signed office leases in Manhattan encompassing approximately 1.5 million square feet, of which approximately 0.9 million square feet represented office leases that replaced previously occupied space. Our mark-to-market on these approximately 1.5 million square feet of signed Manhattan office leases that replaced previously occupied space was 11.3% for 2017.

According to Cushman & Wakefield, new leasing activity in Manhattan in 2017 totaled approximately 30.5 million square feet. Of the total 2017 leasing activity in Manhattan, the Midtown submarket accounted for approximately 19.7 million square feet, or approximately 64.6%. Manhattan's overall office vacancy decreased from 9.3% at December 31, 2016 to 8.9% at December 31, 2017. Overall average asking rents in Manhattan decreased in 2017 by 0.8% from $72.82 per square foot at December 31, 2016 to $72.25 per square foot at December 31, 2017, while Manhattan Class A asking rents increased to $79.05 per square foot, up 0.8% from $78.43 one year ago.

ACQUISITION AND DISPOSITION ACTIVITY

Overall Manhattan sales volume decreased by 45.5% in 2017 to $21.6 billion as compared to $39.6 billion in 2016. Consistent with our multi-faceted approach to property acquisitions, we selectively sourced the purchase of an interest in Worldwide Plaza, a Class A asset located in Midtown Manhattan.

We also continued to take advantage of significant interest by both international and domestic institutions and individuals seeking ownership interests in Manhattan properties to sell assets, disposing of a significant volume of properties that were non-core or had more limited growth opportunities, raising efficiently priced capital that was used primarily for debt reduction and stock repurchases. During the year, we sold all or part of our interest in 680-750 Washington Boulevard, 102 Greene Street, 520 White Plains Road, 16 Court Street, and 125 Chubb for total gross valuations of $362.0 million, and sold a 30.13% interest in 1515 Broadway at a gross valuation of $1.95 billion, which did not meet the criteria for sale accounting in 2017. We achieved sale accounting upon adoption of ASC 610-20 in January 2018 and closed on the sale of an additional 12.87% interest in this property in February 2018. Additionally, in 2017 we entered a contract to sell 600 Lexington Avenue for a gross asset valuation of $305.0 million. This transaction closed in January 2018.

DEBT AND PREFERRED EQUITY

In 2016 and 2017, in our debt and preferred equity portfolio we continued to focus on the origination of financings, typically in the form of mezzanine debt, for owners, acquirers or developers of properties in the markets in which we operate, primarily the New York metropolitan area. This investment strategy provides us with the opportunity to fill a need for additional debt financing, while achieving attractive risk adjusted returns to us on the investments and receiving a significant amount of additional information on the New York metropolitan area real estate market. The typical investments made by us during 2016 and 2017 were to reputable owners or acquirers which have sizable equity subordinate to our last dollar exposure. During 2017, our debt and preferred equity activities included purchases and originations, inclusive of advances under future funding obligations, discount and fee amortization, and paid-in-kind interest, net of premium amortization, of $1,287 million, and sales, redemption and participations of $813 million.

HIGHLIGHTS FROM 2017

Our significant achievements from 2017 included:

Corporate

- Repurchased 8.3 million shares of our common stock under our share repurchase program at an average price of $101.64 per share and increased the size of our share repurchase program by $500 million to $1.5 billion.
- Executed a Guaranteed Maximum Price contract, secured a New Building Permit and commenced vertical construction at One Vanderbilt.

Leasing

- Signed 191 Manhattan office leases covering approximately 1.5 million square feet. The mark-to-market on signed Manhattan office leases was 11.3% higher in 2017 than the previously fully escalated rents on the same spaces.
- Signed 89 Suburban office leases covering approximately 0.5 million square feet. The mark-to-market on signed Suburban office leases was 2.9% higher in 2017 than the previously fully escalated rents on the same spaces.
- Signed long-term leases with DZ Bank and DVB Bank at One Vanderbilt for a total of 35,382 square feet. The 15-year leases cover the entire 26th floor of the 58-story skyscraper currently being constructed next to Grand Central Terminal.

- Signed leases with LINE FRIENDS for 7,711 square feet, of which 4,629 square feet is at-grade, and Viacom for 8,700 square feet at 1515 Broadway for the retail space previously occupied by Aeropostale.
- Signed a new lease with Ascensia Diabetes Care US Inc. for 65,000 square feet at 100 Summit Lake Drive in Valhalla, New York for 11.0 years.

Acquisitions

- Together with private investment manager RXR Realty closed on the acquisition of a combined 48.7% interest in Worldwide Plaza based on a gross asset valuation of $1.725 billion. The acquisition allows the Company to expand its footprint on Manhattan's West Side through investing in a Class A asset that is fully leased to institutional tenants.

Dispositions

- Closed on the sale of a 27.6% interest in One Vanderbilt to the National Pension Service of Korea ("NPS") and a 1.4% interest to Hines Interest LP ("Hines").
- Closed on the sale of a 30% interest in 1515 Broadway at a gross asset valuation of $1.950 billion, pursuant to an agreement to sell interests totaling 43%. The balance of the transaction closed in the first quarter of 2018.
- Entered into an agreement to sell 600 Lexington Avenue for a gross asset valuation of $305.0 million. The transaction closed in January 2018.
- Closed on the sale of 16 Court Street in Brooklyn, New York for a gross asset valuation of $171.0 million.
- Closed on the sale of 680-750 Washington Boulevard, in Stamford, Connecticut, for a gross asset valuation of $97.0 million.
- Closed on the sale of 102 Greene Street for a gross asset valuation of $43.5 million.
- Closed on the sale of 125 Chubb Avenue in Lyndhurst, New Jersey, for a gross asset valuation of $29.5 million.
- Closed on the sale of 520 White Plains Road in Tarrytown, New York, for a gross asset valuation of $21.0 million
- Sold 4,774,220 common shares of New York REIT, Inc., or NYRT, representing the Company's total holdings, generating a $3.3 million gain.

Debt and Preferred Equity Investments

- Originated and retained, or acquired, $1.3 billion in debt and preferred equity investments, inclusive of advances under future funding obligations, discount and fee amortization, and paid-in-kind interest, net of premium amortization, and recorded $813 million of proceeds from sales, repayments and participations.

Finance

- Fitch Ratings upgraded the corporate credit ratings for the Company.
- Returned to the public unsecured debt markets with an issuance of $500.0 million of 5-year, 3.25% senior unsecured notes.
- Issued an additional $100.0 million of 4.50% senior unsecured notes due December 2022. The Notes priced at 105.334% plus accrued interest with a yield to maturity of 3.298%.
- Refinanced, extended, and expanded our unsecured corporate credit facility by $217 million, to $3.0 billion. The new facility, which reduced overall borrowing costs, includes a $1.5 billion revolving line of credit and $1.3 billion funded term loan component that both mature in 2023 as well as a new $200.0 million 7-year term loan component that matures in 2024.
- Closed on a new $300.0 million debt and preferred equity liquidity facility, which provides for favorable financing of senior mortgage loan investments. The new facility has a 1-year term with two 1-year extension options.
- In conjunction with our acquisition of an interest in Worldwide Plaza, together with our joint venture partners, closed on a $1.2 billion financing of the property. The new loan has a term of 10 years and carries a fixed interest rate of 3.98%.
- Together with our joint venture partner, closed on a $1.2 billion refinancing of 280 Park Avenue, which bears interest at a floating rate of 1.73% over LIBOR. The new loan matures in 2024, as extended, and replaces the previous $900.0 million of indebtedness on the property.
- Together with our joint venture partner, closed on $275.0 million of financing of 650 Fifth Avenue. The financing matures in October 2022 and is comprised of a $210.0 million mortgage that carries a fixed interest rate of 4.460% and a $65.0 million mezzanine loan that carries a fixed interest rate of 5.450%.
- Together with our joint venture partner, closed on a $195.0 million refinancing of 1552 Broadway, which bears interest at a floating rate of 2.65% over LIBOR. The new loan matures in 2022, as extended, and replaces the previous $185.4 million of indebtedness on the property.
- Together with our joint venture partner, closed on a $195.0 million refinancing of 55 West 46th Street, known as Tower 46, which bears interest at a floating rate of 2.125% over LIBOR. The new loan matures in 2023, as extended, and replaces the previous $165.6 million of indebtedness on the property.
- Together with our joint venture partner, closed on a $170.0 million refinancing of 10 East 53rd Street, which bears interest at a floating rate of 2.25% over LIBOR. The new mortgage has a 3-year term with two 1-year extension options and replaces the previous $125.0 million of mortgage indebtedness on the property.
- Together with our joint venture partner, closed on a $35.5 million financing of 1080 Amsterdam Avenue. The new mortgage has a 5-year term and carries a fixed effective interest rate of 3.50%.

As of December 31, 2017, we owned the following interests in properties in the New York metropolitan area, primarily in midtown Manhattan. Our investments located outside of Manhattan are referred to as the Suburban properties:

		Consolidated		Unconsolidated		Total		
Location	Property Type	Number of Properties	Approximate Square Feet	Number of Properties	Approximate Square Feet	Number of Properties	Approximate Square Feet	Weighted Average Occupancy(1)
Commercial:								
Manhattan	Office	23(2)	14,304,606	9	10,356,864	32	24,661,470	93.9%
	Retail	4(3)	302,583	9	347,970	13	650,553	94.5%
	Development/ Redevelopment	7	158,985	4	770,514	11	929,499	63.8%
	Fee Interest	1	176,530	1	—	2	176,530	100.0%
		35	14,942,704	23	11,475,348	58	26,418,052	92.9%
Suburban	Office	20(4)	3,013,200	2	640,000	22	3,653,200	84.0%
	Retail	1	52,000	—	—	1	52,000	100.0%
	Development/ Redevelopment	1	1,000	1	—	2	1,000	100.0%
		22	3,066,200	3	640,000	25	3,706,200	84.3%
Total commercial properties		57	18,008,904	26	12,115,348	83	30,124,252	91.8%
Residential:								
Manhattan	Residential	3(3)	472,105	12	2,656,856	15	3,128,961	87.6%
Suburban	Residential	—	—	—	—	—	—	—%
Total residential properties		3	472,105	12	2,656,856	15	3,128,961	87.6%
Total portfolio		60	18,481,009	38	14,772,204	98	33,253,213	91.4%

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

(2) Includes the property at 600 Lexington Avenue in New York, New York which was classified as held for sale at December 31, 2017.

(3) As of December 31, 2017, 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 number of retail properties we own. However, we have included only the retail square footage in the retail approximate square footage, and have listed the balance of the square footage as residential square footage.

(4) Includes the properties at 115-117 Stevens Avenue in Valhalla, New York, and 1-6 International Drive in Rye Brook, New York which are classified as held for sale at December 31, 2017.

As of December 31, 2017, we also managed an office building with approximately 336,000 square feet, which is owned by a third party, and held debt and preferred equity investments with a book value of $2.3 billion, including $0.2 billion of debt and preferred equity investments and other financing receivables that are included in balance sheet line items other than the Debt and Preferred Equity Investments line item.

CRITICAL ACCOUNTING POLICIES

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

Investment in Commercial Real Estate Properties

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

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

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

On a periodic basis, we assess whether there are any indications that the value of our real estate properties may be other than temporarily impaired or that their carrying value may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the calculated fair value of the property.

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

Investments in Unconsolidated Joint Ventures

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

We assess our investments in unconsolidated joint ventures for recoverability, and if it is determined that a loss in value of the investment is other than temporary, we write down the investment to its fair value. We evaluate our equity investments for impairment based on the joint ventures' projected discounted cash flows. We do not believe that the values of any of our equity investments were impaired at December 31, 2017.

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

Revenue Recognition

Rental revenue is recognized on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rents receivable on the consolidated balance sheets. We establish, on a current basis, an allowance for future potential tenant credit losses, which may occur against this account. The balance reflected on the consolidated balance sheets is net of such allowance.

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

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

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

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

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

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

Allowance for Doubtful Accounts

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

Reserve for Possible Credit Losses

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

Where impairment is indicated on an investment that is held to maturity, a valuation allowance is measured based upon the excess of the recorded investment amount over the net fair value of the collateral. Any deficiency between the carrying amount of an asset and the calculated value of the collateral is charged to expense. We continue to assess or adjust our estimates based on circumstances of a loan and the underlying collateral. If additional information reflects increased recovery of our investment, we will adjust our reserves accordingly. There were no loan reserves recorded during the years ended December 31, 2017, 2016, and 2015.

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

Derivative Instruments

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

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

RECONCILIATION OF NET INCOME TO SAME-STORE OPERATING INCOME

We present Same-Store Operating Income because we believe that this measure, when taken together with the corresponding GAAP financial measures and our reconciliation, provides investors with meaningful information regarding the operating performance of properties. When operating performance is compared across multiple periods, the investor is provided with information not immediately apparent from net income that is determined in accordance with GAAP. Same-Store Operating Income provides information on trends in the revenue generated and expenses incurred in operating our properties, unaffected by the cost of leverage, depreciation, amortization, and other net income components. We use this metric internally as a performance measure. This measure is not an alternative to net income (determined in accordance with GAAP) and same-store performance should not be considered an alternative to GAAP net income performance.

Comparison of the year ended December 31, 2017 to the year ended December 31, 2016

For properties owned since January 1, 2016 and still owned and operated at December 31, 2017, Same-Store NOI is determined as follows (in millions):

	Year Ended December 31,	
(in millions)	**2017**	**2016**
Net income	**$ 101.1**	$ 278.9
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**(16.2)**	(44.0)
Gain on sale of real estate, net	**(73.2)**	(238.1)
Depreciable real estate reserves	**178.5**	10.4
(Loss) gain on sale of investment in marketable securities	**(3.3)**	0.1
Depreciation and amortization	**403.3**	821.0
Interest expense, net of interest income	**257.0**	321.2
Amortization of deferred financing costs	**16.5**	24.6
Operating income	**863.7**	1,174.1
Less: Operating income from other properties/affiliates	**(250.8)**	(558.7)
Same-store operating income	**$ 612.9**	$ 615.4

Comparison of the year ended December 31, 2016 to the year ended December 31, 2015

For properties owned since January 1, 2015 and still owned and operated at December 31, 2016, Same-Store NOI is determined as follows (in millions):

	Year Ended December 31,	
(in millions)	**2016**	**2015**
Net income	**$ 278.9**	$ 317.5
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**(44.0)**	(15.8)
Gain on sale of real estate, net	**(238.1)**	(176.0)
Depreciable real estate reserves	**10.4**	19.2
Gain (loss) on sale of investment in marketable securities	**0.1**	—
Depreciation and amortization	**821.0**	560.9
Interest expense, net of interest income	**321.2**	323.9
Amortization of deferred financing costs	**24.6**	27.3
Operating income	**1,174.1**	1,057.0
Less: Operating income from other properties/affiliates	**(503.6)**	(388.2)
Same-store operating income	**$ 670.5**	$ 668.8

RESULTS OF OPERATIONS

Comparison of the year ended December 31, 2017 to the year ended December 31, 2016

The following comparison for the year ended December 31, 2017, or 2017, to the year ended December 31, 2016, or 2016, makes reference to the following:

i. "Same-Store Properties," which represents all operating properties owned by us at January 1, 2016 and still owned by us in the same manner at December 31, 2017 (Same-Store Properties totaled 43 of our 60 consolidated operating properties),

ii. "Acquisition Properties," which represents all properties or interests in properties acquired in 2017 and 2016 and all non-Same-Store Properties, including properties that are under development, redevelopment or were deconsolidated during the period,

iii. "Disposed Properties" which represents all properties or interests in properties sold or partially sold in 2017 and 2016, and

iv. "Other," which represents corporate level items not allocable to specific properties, as well as the Service Corporation and eEmerge Inc.

	Same-Store				Disposed		Other		Consolidated			
(in millions)	**2017**	**2016**	**$ Change**	**% Change**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**$ Change**	**% Change**
Rental revenue	**$ 961.8**	$ 942.6	$ 19.2	2.0%	**$121.1**	$360.7	**$ 18.1**	$ 20.5	**$1,101.0**	$1,323.8	$(222.8)	(16.8)%
Escalation and reimbursement	**131.4**	142.0	(10.6)	(7.5)%	**40.1**	52.7	**1.4**	2.2	**172.9**	196.9	(24.0)	(12.2)%
Investment income	**—**	—	—	—%	**—**	—	**193.9**	213.0	**193.9**	213.0	(19.1)	(9.0)%
Other income	**8.9**	6.8	2.1	30.9%	**0.5**	94.3	**34.3**	29.2	**43.7**	130.3	(86.6)	(66.5)%
Total revenues	**1,102.1**	1,091.4	10.7	1.0%	**161.7**	507.7	**247.7**	264.9	**1,511.5**	1,864.0	(352.5)	(18.9)%
Property operating expenses	**482.6**	474.2	8.4	1.8%	**65.3**	98.7	**23.0**	21.6	**570.9**	594.5	(23.6)	(4.0)%
Transaction related costs	**—**	—	—	—%	**—**	—	**(1.8)**	7.5	**(1.8)**	7.5	(9.3)	(124.0)%
Marketing, general and administrative	**—**	—	—	—%	**—**	—	**100.5**	99.8	**100.5**	99.8	0.7	0.7%
	482.6	474.2	8.4	1.8%	**65.3**	98.7	**121.7**	128.9	**669.6**	701.8	(32.2)	(4.6)%
Operating income before equity in net income from unconsolidated joint ventures	**$ 619.5**	$ 617.2	$ 2.3	0.4%	**$ 96.4**	$409.0	**$126.0**	$136.0	**$ 841.9**	$1,162.2	$(320.3)	(27.6)%
Other income (expenses):												
Interest expense and amortization of deferred financing costs, net of interest income									**(273.6)**	(345.8)	72.2	(20.9)%
Depreciation and amortization									**(403.3)**	(821.0)	417.7	(50.9)%
Equity in net income from unconsolidated joint ventures									**21.9**	11.9	10.0	84.0%
Equity in net gain on sale of interest in unconsolidated joint venture/real estate									**16.2**	44.0	(27.8)	(63.2)%
Gain on sale of real estate, net									**73.2**	238.1	(164.9)	(69.3)%
Depreciable real estate reserves									**(178.5)**	(10.4)	(168.1)	1,616.3%
Gain (loss) on sale of investment in marketable securities									**3.3**	(0.1)	3.4	(3,400.0)%
Net income									**$ 101.1**	$ 278.9	$(177.8)	(63.8)%

Rental, Escalation and Reimbursement Revenues Rental revenues decreased primarily as a result of Disposed Properties ($239.7 million), which included 388-390 Greenwich Street and the effect of the partial sale and deconsolidation of 11 Madison Avenue in the third quarter of 2016. This decrease was offset by increased rental revenue at Same-Store Properties ($19.1 million), and by 1515 Broadway which, in 2016, recognized accounting write-offs ($17.4 million) related to the space previously leased to Aeropostale following the tenant's bankruptcy.

Escalation and reimbursement revenue decreased primarily as a result of Disposed Properties ($12.7 million) and lower recoveries at our Same-Store properties ($10.6 million).

The following table presents a summary of the commenced leasing activity for the year ended December 31, 2017 in our Manhattan and Suburban portfolio:

	Usable SF	Rentable SF	New Cash Rent (per rentable SF)(1)	Prev. Escalated Rent (per rentable SF)(2)	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Manhattan							
Space available at beginning of the year	1,149,571						
Space which became available during the year(3)							
• Office	1,181,119						
• Retail	29,739						
• Storage	16,594						
	1,227,452						
Total space available	2,377,023						
Leased space commenced during the year:							
• Office(4)	806,688	884,513	$ 73.59	$ 62.13	$56.80	4.6	8.2
• Retail	33,257	63,710	$297.35	$251.55	$37.72	6.5	13.1
• Storage	34,840	5,560	$ 36.32	$ 48.86	$ 1.92	1.9	7.4
Total leased space commenced	874,785	953,783	$ 88.32	$ 82.88	$55.20	4.7	8.5
Total available space at end of year	1,502,238						
Early renewal							
• Office	281,039	285,889	$ 79.07	$73.96	$11.46	1.9	4.5
• Retail	45,652	35,089	$ 73.96	$50.53	$ 2.01	0.1	5.5
• Storage	2,730	2,817	$ 29.44	$30.52	$ —	1.3	3.2
Total early renewals	329,421	323,795	$ 78.09	$71.04	$10.34	1.7	4.6
Total commenced leases, including replaced previous vacancy							
• Office		1,170,402	$ 74.93	$ 66.58	$45.72	3.9	7.3
• Retail		98,799	$218.01	$176.40	$25.04	4.2	10.4
• Storage		8,377	$ 34.00	$ 38.77	$ 1.27	1.7	6.0
Total commenced leases		1,277,578	$ 85.73	$ 78.42	$43.83	3.9	7.5
Suburban							
Space available at beginning of year	965,021						
Sold Vacancies	(222,250)						
Properties placed in service	—						
Space which became available during the year(3)							
• Office	246,565						
• Retail	1,338						
• Storage	2,866						
	250,769						
Total space available	993,540						
Leased space commenced during the year:							
• Office(5)	334,739	345,633	$ 31.62	$ 35.13	$34.99	6.2	7.5
• Retail	338	338	$ 33.00	$ 33.00	$ —	—	5.0
• Storage	2,791	2,858	$ 17.42	$ 13.92	$10.13	0.9	4.7
Total leased space commenced	337,868	348,829	$ 31.51	$ 34.79	$34.75	6.2	7.5
Total available space at end of the year	655,672						
Early renewals							
• Office	181,288	183,331	$ 32.21	$ 32.86	$8.05	4.1	4.2
• Storage	2,213	2,213	$ 17.01	$ 16.52	$—	—	4.8
Total early renewals	183,501	185,544	$ 32.03	$ 32.67	$7.96	4.0	4.2
Total commenced leases, including replaced previous vacancy							
• Office		528,964	$ 31.83	$ 33.76	$25.65	5.5	6.3
• Retail		338	$ 33.00	$ 33.00	$ —	—	5.0
• Storage		5,071	$ 17.24	$ 15.31	$ 5.71	0.5	4.7
Total commenced leases		534,373	$ 31.69	$ 33.51	$25.45	5.4	6.3

(1) Annual initial base rent.

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

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

(4) Average starting office rent excluding new tenants replacing vacancies was $70.21 per rentable square feet for 120,566 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was $72.83 per rentable square feet for 217,384 rentable square feet.

(5) Average starting office rent excluding new tenants replacing vacancies was $37.88 per rentable square feet for 25,866 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was $35.19 per rentable square feet for 96,688 rentable square feet.

Investment Income Investment income decreased primarily as a result of additional income recognized from the recapitalization of a debt investment ($41.0 million) in the third quarter of 2016, partially offset by income related to our preferred equity investment in 885 Third Avenue ($16.9 million) and a larger weighted average book balance. For the twelve months ended December 31, 2017, the weighted average debt and preferred equity investment balance outstanding and weighted average yield were $1.9 billion and 9.3% excluding our investment in Two Herald Square which was put on non-accrual in August 2017, respectively, compared to $1.5 billion and 9.7%, respectively, for the same period in 2016. As of December 31, 2017, the debt and preferred equity investments had a weighted average term to maturity of 2.2 years excluding extension options and our investment in Two Herald Square.

Other Income Other income decreased primarily as a result of the termination fee earned in connection with the termination of the lease with Citigroup, Inc. at 388-390 Greenwich in 2016 ($94.0 million) and promote income earned in connection with the sale of 33 Beekman in the second quarter of 2016 ($10.8 million). The decrease was partially offset by net fees recognized in connection with the One Vanderbilt venture in 2017 ($13.3 million).

Property Operating Expenses Property operating expenses decreased primarily as a result of Disposed Properties ($33.4 million) partially offset by increased real estate taxes at our Same-Store Properties ($8.2 million).

Transaction Related Costs The decrease in transaction related costs in 2017 is primarily due to the adoption of ASU No. 2017-01 in 2017, which clarified the definition of a business and provided guidance to assist in determining whether transactions should be accounted for as acquisitions of assets or businesses. Following the adoption of the guidance, most of our real estate acquisitions are considered asset acquisitions and transaction costs are therefore capitalized to the investment basis when they would have previously been expensed under the previous guidance. Transaction costs expensed in 2017 relate primarily to transactions that are not moving forward for which any costs incurred are expensed.

Marketing, General and Administrative Expenses Marketing, general and administrative expenses for the year ended December 31, 2017 were $100.5 million, including a $4.1 million charge related to forfeiture of the Company's 2014 Outperformance Plan awards, or 5.3% of total combined revenues, including our share of joint venture revenues, and 53 basis points of total combined assets, including our share of joint venture assets compared to $99.8 million, or 4.7% of total revenues including our share of joint venture revenues, and 53 basis points of total combined assets including our share of joint venture assets for 2016.

Interest Expense and Amortization of Deferred Financing Costs, Net of Interest Income Interest expense and amortization of deferred financing costs, net of interest income, decreased primarily as a result of the Disposed Properties ($72.2 million). The weighted average consolidated debt balance outstanding was $6.6 billion for the year ended December 31, 2017 from $8.5 billion for the year ended December 31, 2016. The consolidated weighted average interest rate was 4.00% for the year ended December 31, 2017 as compared to 3.82% for the year ended December 31, 2016.

Depreciation and Amortization Depreciation and amortization decreased primarily as a result of the Disposed Properties ($448.9 million), partially offset by accelerated amortization at 5-7 Dey Street, 183 & 187 Broadway upon the commencement of demolition of the properties ($32.0 million).

Equity in Net Income in Unconsolidated Joint Venture/Real Estate Equity in net income from unconsolidated joint ventures increased primarily as a result of the sale of a 40% interest in 11 Madison in the third quarter of 2016 ($13.0 million), as well as higher net income contributions from 1745 Broadway ($7.3 million) and 605 West 42nd Street ($3.5 million) in 2017. These increases were partially offset by lower net income contributions from 280 Park Avenue ($5.7 million) as a result of the write off of deferred financing costs in conjunction with the refinancing of the debt on the property, reduced occupancy at 3 Columbus Circle ($3.9 million), and revenues from a debt and preferred equity investment that was contributed to a joint venture in the first quarter of 2016, and repaid in the second quarter of 2017 ($2.7 million).

Equity in Net Gain on Sale of Interest in Unconsolidated Joint Ventures During the year ended December 31, 2016 we recognized a gain on the sale related to our interests in 747 Madison Avenue ($13.0 million), 102 Greene Street ($0.3 million) and part of our interest in the Stonehenge Portfolio ($0.9 million). The sale of 747 Madison, which occurred in 2014, did not meet the criteria for sale accounting at that time and, therefore, remained on our consolidated financial statement until the criteria was met in the second quarter of 2017. During the year ended December 31, 2016, in which we recognized a gain on the sale of our interests in 33 Beekman Street ($33.0 million), 7 Renaissance Square ($4.2 million), 1 Jericho ($3.3 million) and EOP Denver ($3.1 million).

Gain on Sale of Real Estate, Net During the year ended December 31, 2017, we recognized a gain on sale associated with the sale of the property at 16 Court Street ($64.9 million), and the partial sale of the property at 102 Greene Street ($4.9 million). This gain was partially offset by a loss on the sale of 885 Third Avenue ($8.8 million) which closed in 2016, but was only recognized in the second quarter of 2017 due to the sale not meeting the criteria for sale accounting under the full accrual method in ASC 360-20 until the second quarter of 2017. During the year ended December 31, 2016 we recognized a gain on sale associated with the sales of 388-390 Greenwich ($206.5 million), a 49% interest in 400 East 57th Street ($23.9 million), 248-252 Bedford Avenue in Brooklyn, New York ($15.3 million), and a 40% interest in 11 Madison Avenue ($3.6 million), partially offset by the loss on the sale of 7 International Drive, Westchester County, NY ($6.9 million).

Depreciable Real Estate Reserves During the year ended December 31, 2017, we recorded a $178.5 million of depreciable real estate reserves related to Reckson Executive Park, Stamford Towers, 125 Chubb Avenue in Lyndhurst, NJ, 115-117 Stevens Avenue in Valhalla, New York, 520 White Plains Road in Tarrytown, NY, and our investment in Jericho Plaza. During the year ended December 31, 2016, we recognized depreciable real estate reserves related to 500 West Putnam ($10.4 million).

Comparison of the year ended December 31, 2016 to the year ended December 31, 2015

The following comparison for the year ended December 31, 2016, or 2016, to the year ended December 31, 2015, or 2015, makes reference to the following: (i) the effect of the "Same-Store Properties," which represents all operating properties owned by us at January 1, 2015 and still owned by us in the same manner at December 31, 2016 (Same-Store Properties totaled 55 of our 68 consolidated operating properties, representing 75.7% of our share of annualized cash rent), (ii) the effect of the "Acquisition Properties," which represents all properties or interests in properties acquired in 2016 and 2015 and all non-Same-Store Properties, including properties that are under development, redevelopment or deconsolidated during the period, and (iii) "Other," which represents corporate level items not allocable to specific properties, as well as the Service Corporation and eEmerge Inc. Any assets sold or held for sale are excluded from the income from continuing operations and from the following discussion.

	Same-Store				Acquisition		Other		Consolidated			
(in millions)	2016	2015	$ Change	% Change	2016	2015	2016	2015	2016	2015	$ Change	% Change
Rental revenue	$1,015.3	$ 996.2	$ 19.1	1.9%	$144.9	$46.6	$163.6	$203.2	$1,323.8	$1,246.0	$ 77.8	6.2%
Escalation and reimbursement	180.2	165.3	14.9	9.0%	14.8	7.2	1.9	6.0	196.9	178.5	18.4	10.3%
Investment income	—	—	—	—%	—	0.1	213.0	181.0	213.0	181.1	31.9	17.6%
Other income	6.9	22.8	(15.9)	(69.7)%	1.3	7.0	122.1	27.4	130.3	57.2	73.1	127.8%
Total revenues	1,202.4	1,184.3	18.1	1.5%	161.0	60.9	500.6	417.6	1,864.0	1,662.8	201.2	12.1%
Property operating expenses	530.1	514.2	15.9	3.1%	39.4	13.5	25.0	39.5	594.5	567.2	27.3	4.8%
Transaction related costs	—	—	—	—%	0.6	7.9	6.9	3.5	7.5	11.4	(3.9)	(34.2)%
Marketing, general and administrative	—	—	—	—%	—	—	99.8	94.9	99.8	94.9	4.9	5.2%
	530.1	514.2	15.9	3.1%	40.0	21.4	131.7	137.9	701.8	673.5	28.3	4.2%
Net operating income	$ 672.3	$ 670.1	$ 2.2	0.3%	$121.0	$39.5	$368.9	$279.7	$1,162.2	$ 989.3	$ 172.9	17.5%
Other income (expenses):												
Interest expense and amortization of deferred financing costs, net of interest income									(345.8)	(351.2)	5.4	(1.5)%
Depreciation and amortization									(821.0)	(560.9)	(260.1)	46.4%
Equity in net income from unconsolidated joint ventures									11.9	13.0	(1.1)	(8.5)%
Equity in net gain on sale of interest in unconsolidated joint venture/real estate									44.0	15.8	28.2	178.5%
Purchase price fair value adjustment									—	40.1	(40.1)	(100.0)%
Gain on sale of real estate, net									238.1	176.0	62.1	35.3%
Depreciable real estate reserves									(10.4)	(19.2)	8.8	(45.8)%
Gain on sale of investment in marketable securities									(0.1)	—	(0.1)	100.0%
Income from continuing operation									278.9	302.9	(24.0)	(7.9)%
Net income from discontinued operations									—	0.4	(0.4)	(100.0)%
Gain on sale of discontinued operations									—	14.1	(14.1)	(100.0)%
Net income									$ 278.9	$ 317.4	$ (38.5)	(12.1)%

Rental, Escalation and Reimbursement Revenues Rental revenues increased primarily as a result of the properties acquired ($98.2 million), which included the acquisition of 11 Madison in the third quarter of 2015 together with the subsequent sale of a 40% interest in 11 Madison in the third quarter of 2016 ($59.2 million), the consolidation of 600 Lexington Avenue in the fourth quarter of 2015 ($19.3 million), and an increase in rents at our Same-Store Properties ($19.1 million). In addition, rental revenues increased as a result of the accelerated recognition of non-cash deferred income from 388-390 Greenwich Street as a result of Citigroup, Inc. ("Citi") exercising its option to purchase the property and entering into an agreement to accelerate the sale ($37.1 million). This increase was partially offset by the sale of 120 West 45th Street in the third quarter of 2015 ($18.3 million), the sale of 885 Third Avenue in the first quarter of 2016 ($11.9 million), as well as accounting write-offs ($17.4 million) and decreased cash revenue ($2.0 million) related to the space previously leased to Aeropostale at 1515 Broadway following the tenant's bankruptcy.

Escalation and reimbursement revenue increased primarily as a result of higher real estate tax recoveries at the Same-Store Properties ($14.9 million) and Acquisition Properties ($7.6 million) attributable to an increase in the related tax expense. This was partially offset by decreased real estate tax recoveries due to the sale of 120 West 45th Street ($2.3 million), and 140 Grand Street ($1.3 million).

Occupancy in our Same-Store Manhattan consolidated office operating portfolio, excluding leases signed but not yet commenced was 95.9% at December 31, 2016 as compared to 96.5% at December 31, 2015. Occupancy for our Same-Store Suburban consolidated office operating portfolio, excluding leases signed but not yet commenced, increased to 84.4% at December 31, 2016 as compared to 81.4% at December 31, 2015.

The following table presents a summary of the commenced leasing activity for the year ended December 31, 2016 in our Manhattan and Suburban portfolio:

	Useable SF	Rentable SF	New Cash Rent (per rentable SF)(1)	Prev. Escalated Rent (per rentable SF)(2)	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Manhattan							
Space available at beginning of the period	1,395,967						
Sold Vacancies	—						
Properties placed in service	235,629						
Space which became available during the period(3)							
• Office	1,024,824						
• Retail	83,256						
• Storage	14,198						
	1,122,278						
Total space available	2,753,874						
Leased space commenced during the period:							
• Office(4)	1,491,233	1,605,582	$ 68.68	$ 60.35	$56.85	7.0	10.5
• Retail	81,648	94,236	$173.91	$167.67	$50.16	5.7	16.3
• Storage	31,422	31,758	$ 24.01	$ 25.12	$37.46	14.5	12.4
Total leased space commenced	1,604,303	1,731,576	$ 73.59	$ 63.70	$56.13	7.1	10.8
Total available space at end of period	1,149,571						
Early renewals							
• Office	1,600,623	1,720,763	$ 73.88	$ 57.78	$30.47	3.5	10.5
• Retail	100,324	118,695	$105.52	$ 80.92	$28.43	0.6	14.5
• Storage	13,757	10,496	$ 20.70	$ 53.41	$ —	0.2	17.7
Total early renewals	1,714,704	1,849,954	$ 75.60	$ 59.24	$30.17	3.3	10.8
Total commenced leases, including replaced previous vacancy							
• Office		3,326,345	$ 71.37	$ 58.59	$43.20	5.2	10.5
• Retail		212,931	$135.79	$ 97.03	$38.05	2.9	15.3
• Storage		42,254	$ 23.19	$ 46.03	$28.15	10.9	13.8
Total commenced leases		3,581,530	$ 74.63	$ 60.62	$42.72	5.1	10.8

	Useable SF	Rentable SF	New Cash Rent (per rentable SF)(1)	Prev. Escalated Rent (per rentable SF)(2)	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Suburban							
Space available at beginning of period	1,175,375						
Sold Vacancies	(63,292)						
Properties placed in service	—						
Space which became available during the period(3)							
• Office	270,255						
• Retail	2,336						
• Storage	960						
	273,551						
Total space available	1,385,634						
Leased space commenced during the period:							
• Office(5)	414,245	418,217	$ 31.65	$ 35.05	$39.27	7.5	8.9
• Retail	2,336	2,336	$ 31.04	$ 31.04	$ 6.47	3.5	9.3
• Storage	4,032	4,415	$ 13.28	$ 11.05	$ —	2.7	6.2
Total leased space commenced	420,613	424,968	$ 31.46	$ 34.95	$38.68	7.4	8.9
Total available space at end of the period	965,021						
Early renewals							
• Office	307,101	316,196	$ 38.30	$ 36.61	$15.48	4.0	4.9
• Retail	3,100	3,134	$225.00	$185.76	$ —	1.0	7.0
• Storage	1,996	1,996	$ 10.57	$ 10.57	$ —	—	3.7
Total early renewals	312,197	321,326	$ 39.95	$ 37.91	$15.23	3.9	4.9
Total commenced leases, including replaced previous vacancy							
• Office		734,413	$ 34.51	$ 36.05	$29.03	6.0	7.2
• Retail		5,470	$142.17	$119.69	$ 2.76	2.0	8.0
• Storage		6,411	$ 12.43	$ 10.64	$ —	1.9	5.4
Total commenced leases		746,294	$ 35.11	$ 36.84	$28.58	5.9	7.2

(1) Annual initial base rent.

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

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

(4) Average starting office rent excluding new tenants replacing vacancies was $63.17 per rentable square feet for 112,581 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was $70.94 per rentable square feet for 154,379 rentable square feet.

(5) Average starting office rent excluding new tenants replacing vacancies was $37.65 per rentable square feet for 24,635 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was $35.86 per rentable square feet for 63,040 rentable square feet.

Investment Income Investment income increased primarily as a result of additional income recognized from the recapitalization of a debt investment ($41.0 million). This increase was partially offset by a lower weighted average yield and balance for the year ended December 31, 2016. For the twelve months ended December 31, 2016, the weighted average debt and preferred equity investment balance outstanding and weighted average yield were $1.5 billion and 9.7%, respectively, compared to $1.7 billion and 10.3%, respectively, for the same period in 2015. As of December 31, 2016, the debt and preferred equity investments had a fully extended weighted average term to maturity of 3.0 years.

Other Income Other income increased primarily as a result of the lease termination fee earned in connection with the termination of the lease with Citi at 388-390 Greenwich Avenue ($94.0 million), and promote income earned in connection with the sale of 33 Beekman ($10.8 million), which was partially offset by a lease termination fee received at 919 Third Avenue in 2015 ($11.3 million).

Property Operating Expenses Property operating expenses increased primarily as a result of properties acquired ($25.9 million), which includes the acquisition 11 Madison in the third quarter of 2015 together with the subsequent sale of a 40% interest in 11 Madison in the third quarter of 2016 ($9.9 million), the consolidation of 600 Lexington Avenue ($8.6 million) in the fourth quarter if 2015, and higher operating expenses at the Same-Store Properties ($15.5 million) primarily driven by real estate taxes ($13.5 million). These increases were partially offset by a decrease in expenses stemming from our sold properties ($17.7 million), which included the sale of 120 West 45th Street in the third quarter of 2015 ($9.8 million).

Marketing, General and Administrative Expenses Marketing, general and administrative expenses for the year ended December 31, 2016 were $99.8 million, or 4.7% of total combined revenues, including our share of joint venture revenues, and 53 basis points of total combined assets, including our share of joint venture assets compared to $94.9 million, or 5.0%

of total revenues including our share of joint venture revenues, and 44 basis points of total combined assets including our share of joint venture assets for 2015.

Interest Expense and Amortization of Deferred Financing Costs, Net of Interest Income Interest expense, net of interest income, decreased primarily as a result of the sale of 388-390 Greenwich Street in the second quarter of 2016 ($16.5 million), and the sale of 120 West 45th Street in the fourth quarter of 2015 ($7.7 million). These decreases were partially offset by the mortgage related to the acquisition of 11 Madison Avenue in the third quarter of 2015 ($20.8 million). The weighted average consolidated debt balance outstanding increased to $9.3 billion for the year ended December 31, 2016 from $9.2 billion for the year ended December 31, 2015. The weighted average interest rate was 3.87% for the year ended December 31, 2016 as compared to 3.78% for the year ended December 31, 2015.

Depreciation and Amortization Depreciation and amortization increased primarily as a result of the accelerated depreciation expense related to 388-390 Greenwich Street as a result of Citi exercising its option to purchase the property and entering into an agreement to accelerate the sale ($329.7 million). The increase is also driven by the acquisition of 100% interest of 11 Madison in the third quarter of 2015 together with the subsequent sale of a 40% interest in 11 Madison in the third quarter of 2016 ($52.5 million). These increases were partially offset by the accelerated depreciation in 2015 related to vacating the properties that comprise the One Vanderbilt development site ($146.6 million).

Equity in Net Income in Unconsolidated Joint Venture/Real Estate Equity in net income from unconsolidated joint ventures decreased primarily as a result of the sale of a 40% interest in 11 Madison in the third quarter of 2016. The sale did not meet the criteria for sale accounting until December 2016 resulting in recognition of the other partner's share of depreciation ($8.4 million) in addition to our share of the operations of the property. The decrease was partially offset by an increase at 1552-1560 Broadway ($4.6 million) as a result of the settlement in February 2016 of arbitration regarding a tenant's rent at the property and revenue from a debt and preferred equity investment that was contributed to a joint venture in the first quarter of 2016 ($4.5 million), and from the increase at 650 Fifth Avenue as a result of the loan refinance in the third quarter of 2016 ($3.6 million).

Equity in Net Gain on Sale of Interest in Unconsolidated Joint Ventures During the year ended December 31, 2016 we recognized a gain on the sale of 33 Beekman Street ($33.0 million), 7 Renaissance Square ($4.2 million), 1 Jericho ($3.3 million) and EOP Denver ($3.1 million), compared to the year ended December 31, 2015, in which we recognized a gain on sale associated with the sale of our joint venture interest at 315 West 36th Street ($16.3 million), partially offset by a loss on the sale of our joint venture interest at the Meadows ($1.6 million).

Purchase Price Fair Value Adjustment The purchase price fair value adjustment for the year ended December 31, 2015 was attributable to the acquisition of our joint venture partner's interest in 600 Lexington Avenue.

Gain on Sale of Real Estate During the year ended December 31, 2016, we recognized a gain on sale associated with the sales of 388-390 Greenwich ($206.5 million), a 49% interest in 400 East 57th Street ($23.9 million), 248-252 Bedford Avenue in Brooklyn, New York ($15.3 million), and a 40% interest in 11 Madison Avenue ($3.6 million), partially offset by the loss on the sale of 7 International Drive, Westchester County, NY ($6.9 million). During the year ended December 31, 2015 we recognized a gain on sale associated with the sales of an 80% interest in 131-137 Spring Street ($101.1 million), 120 West 45th Street ($58.6 million), 570 & 574 Fifth Avenue ($24.6 million), partially offset by a loss on the sale of 885 Third Avenue ($6.6 million).

Depreciable Real Estate Reserves During the year ended December 31, 2016, we recognized depreciable real estate reserves related to the sale of 500 West Putnam ($10.4 million), as compared to the same period in 2015 when we recognized depreciable real estate reserves related to the sale of two properties ($19.2 million).

Discontinued Operations Discontinued operations for the year ended December 31, 2015 included the gain recognized on the sale of 180 Maiden Lane ($17.0 million) and the related results of operations. The Company adopted ASU 2014-08 effective January 1, 2015 which raised the threshold for disposals to qualify as discontinued operations to dispositions which represent a strategic shift in an entity's operations. The guidance was applied prospectively for new disposals. As a result, the results of operations for 388-390 Greenwich Street, which was classified as held for sale at March 31, 2016, 500 West Putnam Avenue, which was classified as held for sale at June 30, 2016 and 400 East 57th Street which was held for sale at September 30, 2016, are included in continuing operations for year ended December 31, 2016.

LIQUIDITY AND CAPITAL RESOURCES

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

(1) Cash flow from operations;

(2) Cash on hand;

(3) Net proceeds from divestitures of properties and redemptions, participations and dispositions of debt and preferred equity investments;

(4) Borrowings under the 2017 credit facility;

(5) Other forms of secured or unsecured financing; and

(6) Proceeds from common or preferred equity or debt offerings by the Company, the Operating Partnership (including issuances of units of limited partnership interest in the Operating Partnership and Trust preferred securities) or ROP.

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

The combined aggregate principal maturities of our property mortgages and other loans payable, corporate obligations and our share of joint venture debt, including as-of-right extension options, as of December 31, 2017 were as follows (in thousands):

	2018	2019	2020	2021	2022	Thereafter	Total
Property mortgages and other loans	**$153,593**	$ 42,289	$ 703,018	$ 11,656	$ 208,003	$1,656,623	$ 2,775,182
MRA and FHLB facilities	**90,809**	—	—	—	—	—	90,809
Corporate obligations	**250,000**	—	250,000	—	800,000	1,740,000	3,040,000
Joint venture debt-our share	**200,250**	717,682	473,809	449,740	223,330	2,119,481	4,184,292
Total	**$694,652**	$759,971	$1,426,827	$461,396	$1,231,333	$5,516,104	$10,090,283

As of December 31, 2017, we had $156.5 million of consolidated cash on hand, inclusive of $28.6 million of marketable securities. We expect to generate positive cash flow from operations for the foreseeable future. We may seek to divest of properties or interests in properties or access private and public debt and equity capital when the opportunity presents itself, although there is no guarantee that this capital will be made available to us at efficient levels or at all. Management believes that these sources of liquidity, if we are able to access them, along with potential refinancing opportunities for secured debt, will allow us to satisfy our debt obligations, as described above, upon maturity, if not before.

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

CASH FLOWS

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

Cash and cash equivalents were $127.9 million and $279.4 million at December 31, 2017 and 2016, respectively, representing a decrease of $151.5 million. The decrease was a result of the following changes in cash flows (in thousands):

	Year Ended December 31,		
	2017	2016	(Decrease) Increase
Net cash provided by operating activities	$ 548,373	$ 634,714	$ (86,341)
Net cash (used in) provided by investing activities	$ (18,851)	$ 2,122,570	$(2,141,421)
Net cash (used in) provided by financing activities	$(681,077)	$(2,733,240)	$ 2,052,163

Our principal source of operating cash flow is related to the leasing and operating of the properties in our portfolio. Our properties provide a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, debt service, and fund quarterly dividend and distribution requirements. Our debt and preferred equity investments and joint venture investments also provide a steady stream of operating cash flow to us.

Cash is used in investing activities to fund acquisitions, development or redevelopment projects and recurring and nonrecurring capital expenditures. We selectively invest in new projects that enable us to take advantage of our development, leasing, financing and property management skills, and invest in existing buildings that meet our investment criteria. During the year ended December 31, 2017, when compared to the year ended December 31, 2016, we used cash primarily for the following investing activities (in thousands):

Acquisitions of real estate	$ 24,080
Capital expenditures and capitalized interest	76,697
Escrow cash-capital improvements/acquisition deposits/deferred purchase price	(95,873)
Joint venture investments	(304,793)
Distributions from joint ventures	123,534
Proceeds from sales of real estate/ partial interest in property	(1,830,037)
Debt and preferred equity and other investments	(135,029)
Increase in net cash used in investing activities	$(2,141,421)

Funds spent on capital expenditures, which are comprised of building and tenant improvements, decreased from $412.0 million for the year ended December 31, 2016 to $335.3 million for the year ended December 31, 2017. The decrease in capital expenditures relates primarily to lower costs incurred in connection with the redevelopment of properties.

We generally fund our investment activity through the sale of real estate, property-level financing, our credit facilities, our MRA facilities, senior unsecured notes, convertible or exchangeable securities, and construction loans. From time to time, the Company may issue common or preferred stock, or the Operating Partnership may issue common or preferred units of limited partnership interest. During the year ended December 31, 2017, when compared to the year ended December 31, 2016, we used cash for the following financing activities (in thousands):

Proceeds from our debt obligations	$1,921,465
Repayments of our debt obligations	977,665
Net distribution to noncontrolling interests	(4,706)
Other financing activities	(27,947)
Proceeds from stock options exercised and DRSPP issuance	8,428
Proceeds from sale of common stock	—
Repurchase of common stock	(806,302)
Redemption of preferred stock	3,024
Dividends and distributions paid	(19,464)
Increase in net cash provided by financing activities	$2,052,163

CAPITALIZATION

Our authorized capital stock consists of 260,000,000 shares, $0.01 par value per share, consisting of 160,000,000 shares of common stock, $0.01 par value per share, 75,000,000 shares of excess stock, at $0.01 par value per share, and 25,000,000 shares of preferred stock, $0.01 par value per share. As of December 31, 2017, 92,803,299 shares of common stock and no shares of excess stock were issued and outstanding.

STOCK REPURCHASE PROGRAM

In August 2016, our board of directors approved a stock repurchase plan under which we can buy up to $1.0 billion of shares of our common stock. In December 2017, our board of directors authorized an increase to the size of this plan by an additional $500 million of our common stock, bringing it to a total of $1.5 billion of shares.

At December 31, 2017 repurchases under the plan were as follows:

Period	Number of shares purchased	Average price paid per share	Cumulative number of shares purchased as part of the repurchase plan or programs	Maximum approximate dollar value of shares that may yet be purchased under the plan (in millions)(1)
First quarter 2017	63,812	$103.84	63,812	$1,493.4
Second quarter 2017	2,384,323	$103.40	2,448,135	$1,246.8
Third quarter 2017	951,866	$101.67	3,400,001	$1,150.0
Fourth quarter 2017(2)	4,942,410	$100.76	8,342,411	$ 652.0

(1) Reflective of $1.5 billion plan maximum as of December 31, 2017.

(2) Includes 413,700 shares of common stock repurchased by the Company in December 2017 that were settled in January 2018.

AT-THE-MARKET EQUITY OFFERING PROGRAM

In June 2014, the Company, along with the Operating Partnership, entered into an ATM Program to sell an aggregate of $300.0 million of our common stock. During the year ended December 31, 2015, we sold 895,956 shares of our common stock for aggregate net proceeds of $113.4 million comprising the remaining balance of this ATM Program. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 895,956 units of limited partnership interest of the Operating Partnership.

In March 2015, the Company, along with the Operating Partnership, entered into a new ATM Program to sell an aggregate of $300.0 million of our common stock. The Company did not make any sales of its common stock under an ATM program in the years ended December 31, 2016 and December 31, 2017.

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

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

The following table summarizes SL Green common stock issued, and proceeds received from dividend reinvestments and/or stock purchases under the DRSPP for the year ended December 31, 2017, 2016, and 2015, respectively (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Common Stock Shares Issued	2,141	2,687	775,760
Dividend reinvestments/stock purchases under the DRSPP	$223	$277	$99,555

FOURTH AMENDED AND RESTATED 2005 STOCK OPTION AND INCENTIVE PLAN

The Fourth Amended and Restated 2005 Stock Option and Incentive Plan, or the 2005 Plan, was approved by the Company's board of directors in April 2016 and its stockholders in June 2016 at the Company's annual meeting of stockholders. Subject to adjustments upon certain corporate transactions or events, awards with respect to up to a maximum of 27,030,000 fungible units may be granted as options, restricted stock, phantom shares, dividend equivalent rights and other equity-based awards under the 2005 Plan. As of December 31, 2017, 8.3 million fungible units were available for issuance under the 2005 Plan after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units.

2011 OUTPERFORMANCE PLAN

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

The cost of the 2011 Outperformance Plan ($26.7 million, subject to forfeitures) was amortized into earnings through the final vesting period. We recorded no compensation expense during the year ended December 31, 2017,no compensation expense during the year ended December 31, 2016, and $4.5 million during the year ended December 31, 2015 related to the 2011 Outperformance Plan.

2014 OUTPERFORMANCE PLAN

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

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

The cost of the 2014 Outperformance Plan ($27.9 million subject to forfeitures), based on the portion of the 2014 Outperformance Plan granted prior to termination, was amortized into earnings through December 31, 2017. We recorded compensation expense of $13.6 million, $8.4 million, and $5.9 million during the years ended December 31, 2017, 2016, and 2015, respectively, related to the 2014 Outperformance Plan.

DEFERRED COMPENSATION PLAN FOR DIRECTORS

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

During the year ended December 31, 2017, 12,727 phantom stock units were earned and 9,509 shares of common stock were issued to our board of directors. We recorded compensation expense of $2.4 million during the year ended December 31, 2017 related to the Deferred Compensation Plan. As of December 31, 2017, there were 99,853 phantom stock units outstanding pursuant to our Non-Employee Director's Deferral Program.

EMPLOYEE STOCK PURCHASE PLAN

In 2007, the Company's board of directors adopted the 2008 Employee Stock Purchase Plan, or ESPP, to encourage our employees to increase their efforts to make our business more successful by providing equity-based incentives to eligible employees. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code, and has been adopted by the board to enable our eligible employees to purchase the Company's shares of common stock through payroll deductions. The ESPP became effective on January 1, 2008 with a maximum of 500,000 shares of the common stock available for issuance, subject to adjustment upon a merger, reorganization, stock split or other similar corporate change. The Company filed a registration statement on Form S-8 with the SEC with respect to the ESPP. The common stock is offered for purchase through a series of successive offering periods. Each offering period will be three months in duration and will begin on the first day of each calendar quarter, with the first offering period having commenced on January 1, 2008. The ESPP provides for eligible employees to purchase the common stock at a purchase price equal to 85% of the lesser of (1) the market value of the common stock on the first day of the offering period or (2) the market value of the common stock on the last day of the offering period. The ESPP was approved by our stockholders at our 2008 annual meeting of stockholders. As of December 31, 2017, 104,597 shares of our common stock had been issued under the ESPP.

MARKET CAPITALIZATION

At December 31, 2017, borrowings under our mortgages and other loans payable, 2017 credit facility, senior unsecured notes, trust preferred securities and our share of joint venture debt represented 49.4% of our combined market capitalization of $20.4 billion (based on a common stock price of $100.93 per share, the closing price of our common stock on the NYSE on December 31, 2017). Market capitalization includes our consolidated debt, common and preferred stock and the conversion of all units of limited partnership interest in the Operating Partnership, and our share of joint venture debt.

INDEBTEDNESS

The table below summarizes our consolidated mortgages and other loans payable, 2017 credit facility, senior unsecured notes and trust preferred securities outstanding at December 31, 2017 and 2016, (amounts in thousands).

	December 31,	
Debt Summary:	**2017**	**2016**
Balance		
Fixed rate	**$3,805,165**	$4,094,390
Variable rate—hedged	**500,000**	1,357,694
Total fixed rate	**4,305,165**	5,452,084
Total variable rate	**1,605,431**	1,105,585
Total debt	**$5,910,596**	$6,557,669
Debt, preferred equity, and other investments subject to variable rate	**1,325,166**	1,359,744
Net exposure to variable rate debt	**280,265**	(254,159)
Percent of Total Debt:		
Fixed rate	**72.8%**	83.1%
Variable rate	**27.2%**	16.9%
Total	**100.0%**	100.0%
Effective Interest Rate for the Year:		
Fixed rate	**4.31%**	4.35%
Variable rate	**2.76%**	2.10%
Effective interest rate	**4.00%**	3.82%

The variable rate debt shown above generally bears interest at an interest rate based on 30-day LIBOR (1.56% and 0.77% at December 31, 2017 and 2016, respectively). Our consolidated debt at December 31, 2017 had a weighted average term to maturity of 5.38 years.

Certain of our debt and equity investments and other investments, with a carrying value of $1.3 billion at December 31, 2017, are variable rate investments which mitigate our exposure to interest rate changes on our unhedged variable rate debt.

MORTGAGE FINANCING

As of December 31, 2017, our total mortgage debt (excluding our share of joint venture mortgage debt of $4.2 billion) consisted of $2.4 billion of fixed rate debt, including swapped variable rate debt, with an effective weighted average interest rate of 4.78% and $0.5 billion of variable rate debt with an effective weighted average interest rate of 3.28%.

CORPORATE INDEBTEDNESS

2017 Credit Facility

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

As of December 31, 2017, the 2017 credit facility bore interest at a spread over 30-day LIBOR ranging from (i) 82.5 basis points to 155 basis points for loans under the revolving credit facility, (ii) 90 basis points to 175 basis points for loans under Term Loan A, and (iii) 150 basis points to 245 basis points for loans under Term Loan B, in each case based on the credit rating assigned to the senior unsecured long term indebtedness of the Company.

At December 31, 2017, the applicable spread was 100 basis points for the revolving credit facility, 110 basis points for Term Loan A, and 165 basis points for Term Loan B. We are required to pay quarterly in arrears a 12.5 to 30 basis point facility fee on the total commitments under the revolving credit facility based on the credit rating assigned to the senior unsecured long term indebtedness of the Company. As of December 31, 2017, the facility fee was 20 basis points.

As of December 31, 2017, we had $11.8 million of outstanding letters of credit, $40.0 million drawn under the revolving credit facility and $1.5 billion outstanding under the term loan facilities, with total undrawn capacity of $1.4 billion under the 2017 credit facility. At December 31, 2017 and December 31, 2016, the revolving credit facility had a carrying value of $30.3 million and $(6.3) million, respectively, net of deferred financing costs. The December 31, 2016 carrying value represents deferred financing costs and is presented within other liabilities. At December 31, 2017 and December 31, 2016, the term loan facilities had a carrying value of $1.5 billion and $1.2 billion, respectively, net of deferred financing costs.

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

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

FEDERAL HOME LOAN BANK OF NEW YORK FACILITY

The Company's wholly-owned subsidiary, Belmont Insurance Company, or Belmont, a New York licensed captive insurance company, was a member of the Federal Home Loan Bank of New York, or FHLBNY. In January 2017, all funds borrowed from the FHLBNY were repaid and Belmont's membership was terminated in February 2017.

Master Repurchase Agreements The Company has entered into two Master Repurchase Agreements, or MRAs, known as the 2016 MRA and 2017 MRA, which provide us with the ability to sell certain debt investments with a simultaneous agreement to repurchase the same at a certain date or on demand. We seek to mitigate risks associated with our repurchase agreement by managing the credit quality of our assets, early repayments, interest rate volatility, liquidity, and market value. The margin call provisions under our repurchase facilities permit valuation adjustments based on capital markets activity, and are not limited to collateral-specific credit marks. To monitor credit risk associated with our debt investments, our asset management team regularly reviews our investment portfolio and is in contact with our borrowers in order to monitor the collateral and enforce our rights as necessary. The risk associated with potential margin calls is further mitigated by our ability to recollateralize the facility with additional assets from our portfolio of debt investments, our ability to satisfy margin calls with cash or cash equivalents and our access to additional liquidity through the 2017 credit facility, as defined above.

In June 2017, we entered into the 2017 MRA, with a maximum facility capacity of $300.0 million. The facility bears interest on a floating rate basis at a spread to 30-day LIBOR based on the pledged collateral and advance rate and has an initial one year term, with two one year extension options. At December 31, 2017, the facility had a carrying value of $90.1 million, net of deferred financing costs.

In July 2016, we entered into a restated 2016 MRA, with a maximum facility capacity of $300.0 million. The facility bears interest ranging from 225 and 400 basis points over 30-day LIBOR depending on the pledged collateral and has an initial two-year term, with a one year extension option. Since December 6, 2015, we have been required to pay monthly in arrears a 25 basis point fee on the excess of $150.0 million over the average daily balance during the period when the average daily balance is less than $150.0 million. At December 31, 2017, the facility had a carrying value of $(1.2) million, representing deferred financing costs presented within other liabilities.

At December 31, 2017 and 2016, the gross book value of the properties and debt and preferred equity investments collateralizing the mortgages and other loans payable, not including assets held for sale, was approximately $4.8 billion and $6.0 billion, respectively.

SENIOR UNSECURED NOTES

The following table sets forth our senior unsecured notes and other related disclosures as of December 31, 2017 and 2016, respectively, by scheduled maturity date (dollars in thousands):

Issuance	December 31, 2017 Unpaid Principal Balance	December 31, 2017 Accreted Balance	Accreted Balance	Coupon Rate(1)	Initial Term (in Years)	Maturity Date
August 5, 2011(2)	**$ 250,000**	**$ 249,953**	$ 249,880	5.00%	7	August 2018
March 16, 2010(2)	**250,000**	**250,000**	250,000	7.75%	10	March 2020
October 5, 2017(3)	**500,000**	**499,489**	—	3.25%	5	October 2022
November 15, 2012(4)	**300,000**	**305,163**	200,000	4.50%	10	December 2022
December 17, 2015(2)	**100,000**	**100,000**	100,000	4.27%	10	December 2025
October 12, 2010(5)	—	—	334,077			
	$1,400,000	**$1,404,605**	$1,133,957			
Deferred financing costs, net		**(8,666)**	(5,642)			
	$1,400,000	**$1,395,939**	$1,128,315			

(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 the Company, the Operating Partnership and ROP, as co-obligors.

(3) Issued by the Operating Partnership with the Company and ROP as guarantors.

(4) In October 2017, the Company, the Operating Partnership and ROP, as co-obligors, issued an additional $100.0 million of 4.50% senior unsecured notes due December 2022. The notes were priced at 105.334%.

(5) In accordance with the terms of the indenture, the notes became exchangeable commencing September 14, 2017 and the Operating Partnership elected to settle exchanges in cash. In October 2017, all note holders elected to exchange the notes and the notes were repaid for $350.8 million, excluding accrued interest based on the applicable exchange rate.

RESTRICTIVE COVENANTS

The terms of the 2017 credit facility and certain of our senior unsecured notes include certain restrictions and covenants which may limit, among other things, our ability to pay dividends, make certain types of investments, incur additional indebtedness, incur liens and enter into negative pledge agreements and dispose of assets, and which require compliance with financial ratios relating to the maximum ratio of total indebtedness to total asset value, a minimum ratio of EBITDA to fixed charges, a maximum ratio of secured indebtedness to total asset value and a maximum ratio of unsecured indebtedness to unencumbered asset value. The dividend restriction referred to above provides that, we will not during any time when a default is continuing, make distributions with respect to common stock or other equity interests, except to enable the Company to continue to qualify as a REIT for Federal income tax purposes. As of December 31, 2017 and 2016, we were in compliance with all such covenants.

JUNIOR SUBORDINATED DEFERRABLE INTEREST DEBENTURES

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

INTEREST RATE RISK

We are exposed to changes in interest rates primarily from our variable rate debt. Our exposure to interest rate fluctuations are managed through either the use of interest rate derivative instruments and/or through our variable rate debt and preferred equity investments. A hypothetical 100 basis point increase in interest rates along the entire interest rate curve for 2017 would increase our consolidated annual interest cost, net of interest income from variable rate debt and preferred equity investments, by $2.7 million and would increase our share of joint venture annual interest cost by $17.2 million. At December 31, 2017, 61.5% of our $2.1 billion debt and preferred equity portfolio is indexed to LIBOR.

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

Our long-term debt of $4.3 billion bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. Our variable rate debt and variable rate joint venture debt as of December 31, 2017 bore interest based on a spread of LIBOR plus 100 basis points to LIBOR plus 415 basis points.

CONTRACTUAL OBLIGATIONS

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

	2018	2019	2020	2021	2022	Thereafter	Total
Property mortgages and other loans	$153,593	$ 42,289	$ 703,018	$ 11,656	$ 208,003	$1,656,623	$ 2,775,182
MRA facilities	90,809	—	—	—	—	—	90,809
Revolving credit facility	—	—	—	—	—	40,000	40,000
Unsecured term loans	—	—	—	—	—	1,500,000	1,500,000
Senior unsecured notes	250,000	—	250,000	—	800,000	100,000	1,400,000
Trust preferred securities	—	—	—	—	—	100,000	100,000
Capital lease	2,387	2,411	2,620	2,794	2,794	819,894	832,900
Ground leases	31,049	31,066	31,436	31,628	29,472	703,254	857,905
Estimated interest expense	226,815	218,019	184,376	163,648	155,398	281,694	1,229,950
Joint venture debt	200,250	717,682	473,809	449,740	223,330	2,119,481	4,184,292
Total	$954,903	$1,011,467	$1,645,259	$659,466	$1,418,997	$7,320,946	$13,011,038

OFF-BALANCE SHEET ARRANGEMENTS

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

CAPITAL EXPENDITURES

We estimate that for the year ending December 31, 2018, we expect to incur $147.3 million of recurring capital expenditures and $108.8 million of development or redevelopment expenditures, net of loan reserves, (including tenant improvements and leasing commissions) on existing consolidated properties, and our share of capital expenditures at our joint venture properties, net of loan reserves, will be $502.7 million. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs. We expect to fund these capital expenditures with operating cash flow, existing liquidity, or incremental borrowings. We expect our capital needs over the next twelve months and thereafter will be met through a combination of cash on hand, net cash provided by operations, potential asset sales, borrowings or additional equity or debt issuances.

DIVIDENDS/DISTRIBUTIONS

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

To maintain our qualification as a REIT, we must pay annual dividends to our stockholders of at least 90% of our REIT taxable income, determined before taking into consideration the dividends paid deduction and net capital gains. We intend to continue to pay regular quarterly dividends to our stockholders. Based on our current annual dividend rate of $3.25 per share, we would pay $316.1 million in dividends to our common stockholders on an annual basis. Before we pay any dividend, whether for Federal income tax purposes or otherwise, which would only be paid out of available cash to the extent permitted under the 2017 credit facility and senior unsecured notes, we must first meet both our operating requirements and scheduled debt service on our mortgages and loans payable.

RELATED PARTY TRANSACTIONS

Cleaning/ Security/ Messenger and Restoration Services

Alliance Building Services, or Alliance, and its affiliates are partially owned by Gary Green, a son of Stephen L. Green, the chairman of our board of directors, and provide services to certain properties owned by us. Alliance's affiliates include First Quality Maintenance, L.P., or First Quality, Classic Security LLC, Bright Star Couriers LLC and Onyx Restoration Works, and provide cleaning, extermination, security, messenger, and restoration services, respectively. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. The Service Corporation has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to certain tenants at certain buildings above the base services specified in their lease agreements.

Income earned from the profit participation, which is included in other income on the consolidated statements of operations, was $3.9 million, $3.5 million and $3.8 million for the years ended December 31, 2017, 2016 and 2015, respectively.

We also recorded expenses, inclusive of capitalized expenses, of $22.6 million, $23.4 million and $21.3 million the years ended December 31, 2017, 2016 and 2015, respectively, for these services (excluding services provided directly to tenants).

MANAGEMENT FEES

S.L. Green Management Corp., a consolidated entity, receives property management fees from an entity in which Stephen L. Green owns an interest. We received management fees from this entity of $0.5 million, $0.7 million and $0.5 million for the years ended December 31, 2017, 2016, and 2015 respectively.

ONE VANDERBILT INVESTMENT

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

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

INSURANCE

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

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

FUNDS FROM OPERATIONS

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

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

FFO for the years ended December 31, 2017, 2016, and 2015 are as follows (in thousands):

	Year Ended December 31,		
	2017	**2016**	**2015**
Net income attributable to SL Green common stockholders	**$ 86,424**	$ 234,946	$ 269,132
Add:			
Depreciation and amortization	**403,320**	821,041	560,887
Joint venture depreciation and noncontrolling interest adjustments	**102,334**	69,853	34,226
Net (loss) income attributable to noncontrolling interests	**(11,706)**	17,780	26,408
Less:			
Gain on sale of real estate and discontinued operations	**73,241**	238,116	190,096
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**16,166**	44,009	15,844
Purchase price fair value adjustment	**—**	—	40,078
Depreciable real estate reserves	**(178,520)**	(10,387)	(19,226)
Depreciation on non-rental real estate assets	**2,191**	2,027	2,036
Funds from Operations attributable to SL Green common stockholders and noncontrolling interests	**$ 667,294**	$ 869,855	$ 661,825
Cash flows provided by operating activities	**$ 548,373**	$ 634,714	$ 526,484
Cash flows (used in) provided by investing activities	**$ (18,851)**	$ 2,122,570	$(2,265,911)
Cash flows (used in) provided by financing activities	**$(681,077)**	$(2,733,240)	$ 1,713,417

INFLATION

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

ACCOUNTING STANDARDS UPDATES

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

FORWARD-LOOKING INFORMATION

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

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

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

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

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

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

The table below presents the principal cash flows based upon maturity dates of our debt obligations and debt and preferred equity investments and the weighted-average interest rates by expected maturity dates, including as-of-right extension options, as of December 31, 2017 (in thousands):

	Long-Term Debt				Debt and Preferred Equity Investments[1]	
	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate	Amount	Weighted Yield
2018	$ 303,971	4.45%	$ 190,431	3.12%	$ 315,802	10.44%[2]
2019	42,289	4.42%	—	3.42%	456,524	9.29%
2020	678,018	4.11%	275,000	3.49%	156,072	9.83%
2021	11,656	3.99%	—	3.49%	532,558	8.71%
2022	1,008,003	4.00%	—	3.63%	527,204	9.24%
Thereafter	2,256,623	4.26%	1,140,000	4.14%	125,881	8.31%
Total	$4,300,560	4.22%	$1,605,431	3.42%	$2,114,041	9.13%[2]
Fair Value	$4,421,866		$1,612,224			

(1) Our debt and preferred equity investments had an estimated fair value ranging between $2.1 billion and $2.3 billion at December 31, 2017.

(2) Excludes loans secured by the leasehold interest in 2 Herald Square which were in maturity default at the time of acquisition in April and May 2017. The loans were put on non-accrual in August 2017 when one of the investors in the borrower did not repay the loan notwithstanding the approval to do so rendered by a court in a litigation separate from the foreclosure. No impairment was recorded as the Company believes that the fair value of the property exceeds the carrying amount of the loans. The loans had an outstanding balance including accrued interest of $259.3 million at the time that they were put on non accrual status.

The table below presents the principal cash flows based upon maturity dates of our share of our joint venture debt obligations and the weighted-average interest rates by expected maturity dates as of December 31, 2017 (in thousands):

	Long Term Debt			
	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate
2018	$ 12,491	4.04%	$ 187,759	3.74%
2019	108,642	4.04%	609,040	4.21%
2020	13,584	4.04%	460,225	4.63%
2021	14,150	4.04%	435,590	4.93%
2022	223,299	3.99%	31	5.00%
Thereafter	2,009,097	3.88%	110,384	4.63%
Total	$2,381,263	4.03%	$1,803,029	4.25%
Fair Value	$2,344,362		$1,827,427	

The table below lists our consolidated derivative instruments, which are hedging variable rate debt, and their related fair values as of December 31, 2017 (in thousands):

	Asset Hedged	Benchmark Rate	Notional Value	Strike Rate	Effective Date	Expiration Date	Fair Value
Interest Rate Swap	Credit Facility	LIBOR	$200,000	1.131%	July 2016	July 2023	$10,747
Interest Rate Swap	Credit Facility	LIBOR	100,000	1.161%	July 2016	July 2023	5,217
Interest Rate Swap	Mortgage	LIBOR	21,394	12.000%	January 2017	January 2019	167
Interest Rate Cap	Mortgage	LIBOR	137,500	4.000%	September 2017	September 2019	2
Interest Rate Swap	Credit Facility	LIBOR	100,000	1.928%	December 2017	November 2020	288
Interest Rate Swap	Credit Facility	LIBOR	100,000	1.934%	December 2017	November 2020	271
Total Consolidated Hedges							$16,692

In addition to these derivative instruments, some of our joint venture loan agreements require the joint venture to purchase interest rate caps on its debt. All such interest rate caps represented in aggregate an asset of $0.1 million at December 31, 2017. We also swapped certain floating rate debt at some of our joint ventures. These swaps represented in aggregate an asset of $8.8 million at December 31, 2017.

SL GREEN REALTY CORP.
CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)	December 31, 2017	December 31, 2016
Assets		
Commercial real estate properties, at cost:		
Land and land interests	**$ 2,357,051**	$ 3,309,710
Building and improvements	**6,351,012**	7,948,852
Building leasehold and improvements	**1,450,614**	1,437,325
Properties under capital lease	**47,445**	47,445
	10,206,122	12,743,332
Less: accumulated depreciation	**(2,300,116)**	(2,264,694)
	7,906,006	10,478,638
Assets held for sale	**338,354**	—
Cash and cash equivalents	**127,888**	279,443
Restricted cash	**122,138**	90,524
Investments in marketable securities	**28,579**	85,110
Tenant and other receivables, net of allowance of $18,637 and $16,592 in 2017 and 2016, respectively	**57,644**	53,772
Related party receivables	**23,039**	15,856
Deferred rents receivable, net of allowance of $17,207 and $25,203 in 2017 and 2016, respectively	**365,337**	442,179
Debt and preferred equity investments, net of discounts and deferred origination fees of $25,507 and $16,705 in 2017 and 2016, respectively	**2,114,041**	1,640,412
Investments in unconsolidated joint ventures	**2,362,989**	1,890,186
Deferred costs, net	**226,201**	267,600
Other assets	**310,688**	614,067
Total assets(1)	**$13,982,904**	$15,857,787
Liabilities		
Mortgages and other loans payable, net	**$ 2,837,282**	$ 4,073,830
Revolving credit facility, net	**30,336**	—
Unsecured term loans, net	**1,491,575**	1,179,521
Unsecured notes, net	**1,395,939**	1,128,315
Accrued interest payable	**38,142**	36,052
Other liabilities	**188,005**	206,238
Accounts payable and accrued expenses	**137,142**	190,583
Deferred revenue	**208,119**	217,955
Capital lease obligations	**42,843**	42,132
Deferred land leases payable	**3,239**	2,583
Dividend and distributions payable	**85,138**	87,271
Security deposits	**67,927**	66,504
Liabilities related to assets held for sale	**4,074**	—
Junior subordinated deferrable interest debentures held by trusts that issued trust preferred securities	**100,000**	100,000
Total liabilities(1)	**6,629,761**	7,330,984
Commitments and contingencies	**—**	—
Noncontrolling interests in Operating Partnership	**461,954**	473,882
Preferred units	**301,735**	302,010
Equity		
SL Green stockholders' equity:		
Series I Preferred Stock, $0.01 par value, $25.00 liquidation preference, 9,200 issued and outstanding at both December 31, 2017 and 2016	**221,932**	221,932
Common stock, $0.01 par value, 160,000 shares authorized and 93,858 and 101,617 issued and outstanding at December 31, 2017 and 2016, respectively (including 1,055 and 1,055 shares held in treasury at December 31, 2017 and 2016, respectively)	**939**	1,017
Additional paid-in-capital	**4,968,338**	5,624,545
Treasury stock at cost	**(124,049)**	(124,049)
Accumulated other comprehensive income	**18,604**	22,137
Retained earnings	**1,139,329**	1,578,893
Total SL Green stockholders' equity	**6,225,093**	7,324,475
Noncontrolling interests in other partnerships	**364,361**	426,436
Total equity	**6,589,454**	7,750,911
Total liabilities and equity	**$13,982,904**	$15,857,787

(1) The Company's consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs"). See Note 2. The consolidated balance sheets include the following amounts related to our consolidated VIEs, excluding the Operating Partnership: $398.0 million and $412.3 million of land, $1.4 billion and $1.5 billion of building and improvements, $2.0 million and $2.0 million of building and leasehold improvements, $47.4 million and $47.4 million of properties under capital lease, $330.9 million and $327.2 million of accumulated depreciation, $221.0 million and $226.8 million of other assets included in other line items, $628.9 million and $621.8 million of real estate debt, net, $2.5 million and $2.2 million of accrued interest payable, $42.8 million and $42.1 million of capital lease obligations, and $56.8 million and $72.2 million of other liabilities included in other line items as of December 31, 2017 and December 31, 2016, respectively.

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

SL GREEN REALTY CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
(in thousands, except per share data)	**2017**	**2016**	**2015**
Revenues			
Rental revenue, net	**$1,100,993**	$1,323,767	$1,245,981
Escalation and reimbursement	**172,939**	196,858	178,512
Investment income	**193,871**	213,008	181,128
Other income	**43,670**	130,348	57,208
Total revenues	**1,511,473**	1,863,981	1,662,829
Expenses			
Operating expenses, including $21,400 in 2017, $21,890 in 2016, $20,071 in 2015 of related party expenses	**293,364**	312,859	301,624
Real estate taxes	**244,323**	248,388	232,702
Ground rent	**33,231**	33,261	32,834
Interest expense, net of interest income	**257,045**	321,199	323,870
Amortization of deferred financing costs	**16,498**	24,564	27,348
Depreciation and amortization	**403,320**	821,041	560,887
Transaction related costs	**(1,834)**	7,528	11,430
Marketing, general and administrative	**100,498**	99,759	94,873
Total expenses	**1,346,445**	1,868,599	1,585,568
Income (loss) from continuing operations before equity in net income from unconsolidated joint ventures, equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price fair value adjustment, gain on sale of real estate, depreciable real estate reserves, gain (loss) on sale of marketable securities and loss on early extinguishment of debt	**165,028**	(4,618)	77,261
Equity in net income from unconsolidated joint ventures	**21,892**	11,874	13,028
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**16,166**	44,009	15,844
Purchase price fair value adjustment	**—**	—	40,078
Gain on sale of real estate, net	**73,241**	238,116	175,974
Depreciable real estate reserves	**(178,520)**	(10,387)	(19,226)
Gain (loss) on sale of investment in marketable securities	**3,262**	(83)	—
Loss on early extinguishment of debt	**—**	—	(49)
Income from continuing operations	**101,069**	278,911	302,910
Net income from discontinued operations	**—**	—	427
Gain on sale of discontinued operations	**—**	—	14,122
Net income	**101,069**	278,911	317,459
Net (income) loss attributable to noncontrolling interests:			
Noncontrolling interests in the Operating Partnership	**(3,995)**	(10,136)	(10,565)
Noncontrolling interests in other partnerships	**15,701**	(7,644)	(15,843)
Preferred units distributions	**(11,401)**	(11,235)	(6,967)
Net income attributable to SL Green	**101,374**	249,896	284,084
Preferred stock redemption costs	**—**	—	—
Perpetual preferred stock dividends	**(14,950)**	(14,950)	(14,952)
Net income attributable to SL Green common stockholders	**$ 86,424**	$ 234,946	$ 269,132

SL GREEN REALTY CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)	Year Ended December 31, 2017	2016	2015
Amounts attributable to SL Green common stockholders:			
Income (loss) from continuing operations before purchase price fair value adjustment, gains on sale and discontinued operations	**$ 171,600**	$ (25,552)	$ 50,502
Purchase price fair value adjustment	**—**	—	38,563
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**15,452**	42,189	15,245
Net income from discontinued operations	**—**	—	411
Gain on sale of discontinued operations	**—**	—	13,588
Gain on sale of real estate, net	**70,005**	228,266	169,322
Depreciable real estate reserves	**(170,633)**	(9,957)	(18,499)
Net income attributable to SL Green common stockholders	**$ 86,424**	$ 234,946	$ 269,132
Basic earnings per share:			
Income (loss) from continuing operations before purchase price fair value adjustment, gains on sale and discontinued operations	**$ 1.74**	$ (0.26)	$ 0.51
Purchase price fair value adjustment	**—**	—	0.39
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**0.16**	0.42	0.15
Net income from discontinued operations	**—**	—	—
Gain on sale of discontinued operations	**—**	—	0.14
Gain on sale of real estate, net	**0.71**	2.29	1.71
Depreciable real estate reserves	**(1.73)**	(0.10)	(0.19)
Net income attributable to SL Green common stockholders	**$ 0.88**	$ 2.35	$ 2.71
Diluted earnings per share:			
Income (loss) from continuing operations before purchase price fair value adjustment, gains on sale and discontinued operations	**$ 1.74**	$ (0.25)	$ 0.51
Purchase price fair value adjustment	**—**	—	0.39
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**0.16**	0.42	0.15
Net income from discontinued operations	**—**	—	—
Gain on sale of discontinued operations	**—**	—	0.14
Gain on sale of real estate, net	**0.71**	2.27	1.70
Depreciable real estate reserves	**(1.74)**	(0.10)	(0.19)
Net income attributable to SL Green common stockholders	**$ 0.87**	$ 2.34	$ 2.70
Basic weighted average common shares outstanding	**98,571**	100,185	99,345
Diluted weighted average common shares and common share equivalents outstanding	**103,403**	104,881	103,734

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

SL GREEN REALTY CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
(in thousands)	**2017**	**2016**	**2015**
Net income	**$101,069**	$278,911	$317,459
Other comprehensive income:			
Change in net unrealized gain (loss) on derivative instruments, including SL Green's share of joint venture net unrealized gain (loss) on derivative instruments	**1,040**	28,508	(1,229)
Change in unrealized gain on marketable securities	**(4,667)**	3,677	(607)
Other comprehensive (loss) income	**(3,627)**	32,185	(1,836)
Comprehensive income	**97,442**	311,096	315,623
Net loss (income) attributable to noncontrolling interests and preferred units distributions	**305**	(29,015)	(33,375)
Other comprehensive income (loss) attributable to noncontrolling interests	**94**	(1,299)	67
Comprehensive income attributable to SL Green	**$ 97,841**	$280,782	$282,315

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

SL GREEN REALTY CORP.
CONSOLIDATED STATEMENT OF EQUITY

	SL Green Realty Corp. Stockholders								
		Common Stock							
(in thousands, except per share data)	Series I Preferred Stock	Shares	Par Value	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total
Balance at December 31, 2014	$221,932	97,325	$ 974	$5,113,759	$ —	$ (6,980)	$1,607,689	$521,842	$7,459,216
Net income							284,084	15,843	299,927
Acquisition of subsidiary interest from noncontrolling interest				(9,566)				(11,084)	(20,650)
Other comprehensive loss						(1,769)			(1,769)
Preferred dividends							(14,952)		(14,952)
DRSPP proceeds		776	8	99,547					99,555
Conversion of units of the Operating Partnership to common stock		483	5	55,692					55,697
Reallocation of noncontrolling interest in the Operating Partnership							20,915		20,915
Reallocation of capital account relating to sale								(10,143)	(10,143)
Deferred compensation plan and stock award, net		168	2	243			(3,227)		(2,982)
Amortization of deferred compensation plan				26,721					26,721
Issuance of common stock		1,007	10	136,979	(10,000)				126,989
Proceeds from stock options exercised		217	2	16,360					16,362
Contributions to consolidated joint venture interests								35,178	35,178
Cash distributions to noncontrolling interests								(119,784)	(119,784)
Cash distributions declared ($2.52 per common share, none of which represented a return of capital for federal income tax purposes)							(250,963)		(250,963)
Balance at December 31, 2015	221,932	99,976	1,001	5,439,735	(10,000)	(8,749)	1,643,546	431,852	7,719,317
Net income							249,896	7,644	257,540
Other comprehensive income						30,886			30,886
Preferred dividends							(14,950)		(14,950)
DRSPP proceeds		2		277					277
Conversion of units of the Operating Partnership to common stock		295	3	31,803					31,806
Reallocation of noncontrolling interest in the Operating Partnership							(4,222)		(4,222)
Deferred compensation plan and stock award, net		96	1	(1,989)					(1,988)
Amortization of deferred compensation plan				25,890					25,890
Issuance of common stock			10	113,999	(114,049)				(40)
Proceeds from stock options exercised		193	2	14,830					14,832
Contributions to consolidated joint venture interests								2,359	2,359
Cash distributions to noncontrolling interests								(15,419)	(15,419)
Cash distributions declared ($2.94 per common share, none of which represented a return of capital for federal income tax purposes)							(295,377)		(295,377)
Balance at December 31, 2016	$221,932	100,562	$1,017	$5,624,545	$(124,049)	$22,137	$1,578,893	$426,436	$7,750,911

SL GREEN REALTY CORP.
CONSOLIDATED STATEMENT OF EQUITY

	SL Green Realty Corp. Stockholders								
		Common Stock							
(in thousands, except per share data)	Series I Preferred Stock	Shares	Par Value	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total
Balance at December 31, 2016	$ 221,932	100,562	$1,017	$ 5,624,545	$ (124,049)	$ 22,137	$ 1,578,893	$ 426,436	$ 7,750,911
Net income (loss)							101,374	(15,701)	85,673
Other comprehensive loss						(3,533)			(3,533)
Preferred dividends							(14,950)		(14,950)
DRSPP proceeds		2		223					223
Conversion of units of the Operating Partnership to common stock		202	2	21,572					21,574
Reallocation of noncontrolling interest in the Operating Partnership							5,712		5,712
Equity component of repurchased exchangeable senior notes				(109,776)					(109,776)
Deferred compensation plan and stock award, net		87	1	(2,375)					(2,374)
Amortization of deferred compensation plan				32,161					32,161
Repurchases of common stock		(8,342)	(83)	(621,324)			(226,641)		(848,048)
Proceeds from stock options exercised		292	2	23,312					23,314
Contributions to consolidated joint venture interests								36,275	36,275
Deconsolidation of partially owned entity								(30,203)	(30,203)
Cash distributions to noncontrolling interests								(52,446)	(52,446)
Cash distributions declared ($3.1375 per common share, none of which represented a return of capital for federal income tax purposes)							(305,059)		(305,059)
Balance at December 31, 2017	**$221,932**	**92,803**	**$939**	**$4,968,338**	**$(124,049)**	**$18,604**	**$1,139,329**	**$364,361**	**$6,589,454**

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

SL GREEN REALTY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
(in thousands, except per share data)	2017	2016	2015
Operating Activities			
Net income	$ 101,069	$ 278,911	$ 317,459
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	419,818	845,605	588,238
Equity in net income from unconsolidated joint ventures	(21,892)	(11,874)	(13,028)
Distributions of cumulative earnings from unconsolidated joint ventures	20,309	24,337	40,759
Equity in net gain on sale of interest in unconsolidated joint venture interest/real estate	(16,166)	(44,009)	(15,844)
Purchase price fair value adjustment	—	—	(40,078)
Depreciable real estate reserves	178,520	10,387	19,226
Gain on sale of real estate, net	(73,241)	(238,116)	(175,974)
Gain on sale of discontinued operations	—	—	(14,122)
(Gain) loss on sale of investments in marketable securities	(3,262)	83	—
Loss on early extinguishment of debt	—	—	49
Deferred rents receivable	(38,009)	26,716	(136,924)
Other non-cash adjustments(1)	17,196	(150,913)	(20,671)
Changes in operating assets and liabilities:			
Restricted cash—operations	7,147	(10,811)	11,289
Tenant and other receivables	(5,717)	4,780	(6,405)
Related party receivables	(7,209)	(5,183)	1,278
Deferred lease costs	(41,939)	(70,707)	(61,005)
Other assets	(23,068)	9,899	18,501
Accounts payable, accrued expenses and other liabilities and security deposits	(11,790)	(35,628)	8,634
Deferred revenue and land leases payable	46,607	1,237	5,102
Net cash provided by operating activities	548,373	634,714	526,484
Investing Activities			
Acquisitions of real estate property	(13,680)	(37,760)	(2,653,311)
Additions to land, buildings and improvements	(335,253)	(411,950)	(406,442)
Escrowed cash—capital improvements/acquisition deposits/deferred purchase price	(3,499)	92,374	(101,000)
Investments in unconsolidated joint ventures	(389,249)	(84,456)	(161,712)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	319,745	196,211	98,639
Proceeds from disposition of real estate/joint venture interest	639,682	2,469,719	1,216,785
Proceeds from sale of marketable securities	55,129	6,965	1,426
Purchases of marketable securities	—	(43,341)	(7,769)
Other investments	25,330	7,704	(15,806)
Origination of debt and preferred equity investments	(1,129,970)	(977,413)	(756,939)
Repayments or redemption of debt and preferred equity investments	812,914	904,517	520,218
Net cash (used in) provided by investing activities	(18,851)	2,122,570	(2,265,911)
Financing Activities			
Proceeds from mortgages and other loans payable	$ 870,459	$ 408,293	$ 1,849,293
Repayments of mortgages and other loans payable	(902,460)	(1,822,303)	(781,236)
Proceeds from revolving credit facility, term loans and senior unsecured notes	2,784,599	1,325,300	2,515,000
Repayments of revolving credit facility, term loans and senior unsecured notes	(2,276,782)	(2,334,604)	(1,706,007)
Payment of debt extinguishment costs	—	—	—
Proceeds from stock options exercised and DRSPP issuance	23,537	15,109	115,917
Proceeds from sale of common stock	—	—	124,761
Repurchase of common stock	(806,302)	—	—
Redemption of preferred stock	(275)	(3,299)	(200)
Distributions to noncontrolling interests in other partnerships	(52,446)	(15,419)	(119,784)
Contributions from noncontrolling interests in other partnerships	36,275	2,359	12,674
Distributions to noncontrolling interests in the Operating Partnership	(14,266)	(12,671)	(9,710)
Dividends paid on common and preferred stock	(333,543)	(314,079)	(257,378)
Other obligations related to mortgage loan participations	17,227	59,150	25,000
Deferred loan costs and capitalized lease obligation	(27,100)	(41,076)	$(54,913)
Net cash (used in) provided by financing activities	(681,077)	(2,733,240)	1,713,417
Net (decrease) increase in cash and cash equivalents	(151,555)	24,044	(26,010)
Cash and cash equivalents at beginning of year	279,443	255,399	281,409
Cash and cash equivalents at end of period	$ 127,888	$ 279,443	$ 255,399

(1) Included in Other non-cash adjustments is $172.4 million for the year ended December 31, 2016 for the amortization of the below-market lease at 388-390 Greenwich Street as a result of the tenant exercising their option to purchase the property and entering into an agreement to accelerate the sale.

SL GREEN REALTY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands, except per share data)	Year Ended December 31, 2017	2016	2015
Supplemental cash flow disclosures:			
Interest paid	**$ 273,819**	$ 344,295	$ 345,110
Income taxes paid	**$2,448**	$2,009	$3,882
Supplemental Disclosure of Non-Cash Investing and Financing Activities:			
Issuance of units in the operating partnership	**25,723**	78,495	30,506
Redemption of units in the operating partnership	**21,574**	31,806	55,697
Derivative instruments at fair value	**4,397**	31,826	1,816
Exchange of debt investment for equity in joint venture	**—**	68,581	10,151
Acquisition of subsidiary interest from noncontrolling interest	**—**	—	20,630
Issuance of common stock relating to the real estate acquisition	**—**	—	2,228
Issuance of preferred units relating to the real estate acquisition	**—**	22,793	211,601
Tenant improvements and capital expenditures payable	**6,667**	15,972	7,755
Fair value adjustment to noncontrolling interest in operating partnership	**5,712**	4,222	20,915
Assumption of mortgage loan	**—**	—	112,795
Capital lease assets	**—**	—	20,000
Reclassification of development costs from other assets to real estate	**—**	—	47,519
Deconsolidation of a subsidiary(1)	**695,204**	1,226,425	27,435
Transfer of assets to assets held for sale	**611,809**	2,048,376	34,981
Transfer of liabilities related to assets held for sale	**5,364**	1,677,528	29,000
Consolidation of real estate investment	**—**	—	158,566
Removal of fully depreciated commercial real estate properties	**15,488**	31,474	241,910
Issuance of SLG's common stock to a consolidated joint venture	**—**	114,049	10,000
Contribution to consolidated joint venture by noncontrolling interest	**—**	—	22,504
Share repurchase payable	**41,746**	—	—

(1) $366.6 million of the 2017 amount relates to 1515 Broadway. In November 2017, the Company sold a 30.13% interest in 1515 Broadway to affiliates of Allianz Real Estate. The sale did not meet the criteria for sale accounting and as a result the property was accounted for under the profit sharing method. The Company achieved sale accounting upon adoption of ASC 610-20 in January 2018 and closed on the sale of an additional 12.87% interest in the property to Allianz in February 2018. See Note 6, "Investments in Unconsolidated Joint Ventures.".

In December 2017, 2016 and 2015, the Company declared quarterly distributions per share of $0.8125, $0.775 and $0.72, respectively. These distributions were paid in January 2018, 2017 and 2016, respectively.

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

SL GREEN OPERATING PARTNERSHIP, L.P.
CONSOLIDATED BALANCE SHEETS

(in thousands, except per unit data)	December 31, 2017	December 31, 2016
Assets		
Commercial real estate properties, at cost:		
Land and land interests	**$ 2,357,051**	$ 3,309,710
Building and improvements	**6,351,012**	7,948,852
Building leasehold and improvements	**1,450,614**	1,437,325
Property under capital lease	**47,445**	47,445
	10,206,122	12,743,332
Less: accumulated depreciation	**(2,300,116)**	(2,264,694)
	7,906,006	10,478,638
Assets held for sale	**338,354**	—
Cash and cash equivalents	**127,888**	279,443
Restricted cash	**122,138**	90,524
Investments in marketable securities	**28,579**	85,110
Tenant and other receivables, net of allowance of $18,637 and $16,592 in 2017 and 2016, respectively	**57,644**	53,772
Related party receivables	**23,039**	15,856
Deferred rents receivable, net of allowance of $17,207 and $25,203 in 2017 and 2016, respectively	**365,337**	442,179
Debt and preferred equity investments, net of discounts and deferred origination fees of $25,507 and $16,705 in 2017 and 2016, respectively	**2,114,041**	1,640,412
Investments in unconsolidated joint ventures	**2,362,989**	1,890,186
Deferred costs, net	**226,201**	267,600
Other assets	**310,688**	614,067
Total assets(1)	**$13,982,904**	$15,857,787
Liabilities		
Mortgages and other loans payable, net	**$ 2,837,282**	$ 4,073,830
Revolving credit facility, net	**30,336**	—
Unsecured term loans, net	**1,491,575**	1,179,521
Unsecured notes, net	**1,395,939**	1,128,315
Accrued interest payable	**38,142**	36,052
Other liabilities	**188,005**	206,238
Accounts payable and accrued expenses	**137,142**	190,583
Deferred revenue	**208,119**	217,955
Capital lease obligations	**42,843**	42,132
Deferred land leases payable	**3,239**	2,583
Dividend and distributions payable	**85,138**	87,271
Security deposits	**67,927**	66,504
Liabilities related to assets held for sale	**4,074**	—
Junior subordinated deferrable interest debentures held by trusts that issued trust preferred securities	**100,000**	100,000
Total liabilities(1)	**6,629,761**	7,330,984
Commitments and contingencies	**—**	—
Limited partner interests in SLGOP (4,453 and 4,364 limited partner common units outstanding at December 31, 2017 and 2016, respectively)	**461,954**	473,882
Preferred units	**301,735**	302,010
Capital		
SLGOP partners' capital:		
Series I Preferred Units, $25.00 liquidation preference, 9,200 issued and outstanding at both December 31, 2017 and 2016	**221,932**	221,932
SL Green partners' capital (973 and 1,049 general partner common units, and 91,831 and 99,513 limited partner common units outstanding at December 31, 2017 and 2016, respectively)	**5,984,557**	7,080,406
Accumulated other comprehensive income	**18,604**	22,137
Total SLGOP partners' capital	**6,225,093**	7,324,475
Noncontrolling interests in other partnerships	**364,361**	426,436
Total capital	**6,589,454**	7,750,911
Total liabilities and capital	**$13,982,904**	$15,857,787

(1) The Operating Partnership's consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs"). See Note 2. The consolidated balance sheets include the following amounts related to our consolidated VIEs: $398.0 million and $412.3 million of land, $1.4 billion and $1.5 billion of building and improvements, $2.0 million and $2.0 million of building and leasehold improvements, $47.4 million and $47.4 million of properties under capital lease, $330.9 million and $327.2 million of accumulated depreciation, $221.0 million and $226.8 million of other assets included in other line items, $628.9 million and $621.8 million of real estate debt, net, $2.5 million and $2.2 million of accrued interest payable, $42.8 million and $42.1 million of capital lease obligations, and $56.8 million and $72.2 million of other liabilities included in other line items as of December 31, 2017 and December 31, 2016, respectively.

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

SL GREEN OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per unit data)	Year Ended December 31, 2017	2016	2015
Revenues			
Rental revenue, net	**$1,100,993**	$1,323,767	$1,245,981
Escalation and reimbursement	**172,939**	196,858	178,512
Investment income	**193,871**	213,008	181,128
Other income	**43,670**	130,348	57,208
Total revenues	**1,511,473**	1,863,981	1,662,829
Expenses			
Operating expenses, including $21,400 in 2017, $21,890 in 2016, $20,071 in 2015 of related party expenses	**293,364**	312,859	301,624
Real estate taxes	**244,323**	248,388	232,702
Ground rent	**33,231**	33,261	32,834
Interest expense, net of interest income	**257,045**	321,199	323,870
Amortization of deferred financing costs	**16,498**	24,564	27,348
Depreciation and amortization	**403,320**	821,041	560,887
Transaction related costs	**(1,834)**	7,528	11,430
Marketing, general and administrative	**100,498**	99,759	94,873
Total expenses	**1,346,445**	1,868,599	1,585,568
Income (loss) from continuing operations before equity in net income from unconsolidated joint ventures, equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price fair value adjustment, gain on sale of real estate, depreciable real estate reserves, gain (loss) on sale of marketable securities and loss on early extinguishment of debt	**165,028**	(4,618)	77,261
Equity in net income from unconsolidated joint ventures	**21,892**	11,874	13,028
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**16,166**	44,009	15,844
Purchase price fair value adjustment	**—**	—	40,078
Gain on sale of real estate, net	**73,241**	238,116	175,974
Depreciable real estate reserves	**(178,520)**	(10,387)	(19,226)
Gain (loss) on sale of investment in marketable securities	**3,262**	(83)	—
Loss on early extinguishment of debt	**—**	—	(49)
Income from continuing operations	**101,069**	278,911	302,910
Net income from discontinued operations	**—**	—	427
Gain on sale of discontinued operations	**—**	—	14,122
Net income	**101,069**	278,911	317,459
Net (income) loss attributable to noncontrolling interests in other partnerships	**15,701**	(7,644)	(15,843)
Preferred unit distributions	**(11,401)**	(11,235)	(6,967)
Net income attributable to SLGOP	**105,369**	260,032	294,649
Preferred stock redemption costs	**—**	—	—
Perpetual preferred stock dividends	**(14,950)**	(14,950)	(14,952)
Net income attributable to SLGOP common unitholders	**$ 90,419**	$ 245,082	$ 279,697
Amounts attributable to SLGOP common unitholders:			
Income (loss) from continuing operations before purchase price fair value adjustment, gains on sale and discontinued operations	**$ 179,532**	$ (26,656)	$ 52,478
Purchase price fair value adjustment	**—**	—	40,078
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**16,166**	44,009	15,844
Net income from discontinued operations	**—**	—	427
Gain on sale of discontinued operations	**—**	—	14,122
Gain on sale of real estate, net	**73,241**	238,116	175,974
Depreciable real estate reserves	**(178,520)**	(10,387)	(19,226)
Net income attributable to SLGOP common unitholders	**$ 90,419**	$ 245,082	$ 279,697
Basic earnings per unit:			
Income (loss) from continuing operations before gains on sale and discontinued operations	**$ 1.74**	$ (0.26)	$ 0.51
Purchase price fair value adjustment	**—**	—	0.39
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**0.16**	0.42	0.15
Net income from discontinued operations	**—**	—	—
Gain on sale of discontinued operations	**—**	—	0.14
Gain on sale of real estate, net	**0.71**	2.29	1.71
Depreciable real estate reserves	**(1.73)**	(0.10)	(0.19)
Net income attributable to SLGOP common unitholders	**$ 0.88**	$ 2.35	$ 2.71
Diluted earnings per unit:			
Income (loss) from continuing operations before gains on sale and discontinued operations	**$ 1.74**	$ (0.25)	$ 0.51
Purchase price fair value adjustment	**—**	—	0.39
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**0.16**	0.42	0.15
Net income from discontinued operations	**—**	—	—
Gain on sale of discontinued operations	**—**	—	0.14
Gain on sale of real estate, net	**0.71**	2.27	1.70
Depreciable real estate reserves	**(1.74)**	(0.10)	(0.19)
Net income attributable to SLGOP common unitholders	**$ 0.87**	$ 2.34	$ 2.70
Basic weighted average common units outstanding	**103,127**	104,508	103,244
Diluted weighted average common units and common unit equivalents outstanding	**103,403**	104,881	103,734

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

SL GREEN OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
(in thousands)	**2017**	**2016**	**2015**
Net income	**$101,069**	$278,911	$317,459
Other comprehensive income:			
Change in net unrealized gain (loss) on derivative instruments, including SLGOP's share of joint venture net unrealized gain (loss) on derivative instruments	**1,040**	28,508	(1,229)
Change in unrealized gain on marketable securities	**(4,667)**	3,677	(607)
Other comprehensive (loss) income	**(3,627)**	32,185	(1,836)
Comprehensive income	**97,442**	311,096	315,623
Net loss (income) attributable to noncontrolling interests	**15,701**	(7,644)	(15,843)
Other comprehensive income (loss) attributable noncontrolling interests	**94**	(1,299)	67
Comprehensive income attributable to SLGOP	**$113,237**	$302,153	$299,847

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

SL GREEN OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENT OF CAPITAL

(in thousands, except per unit data)	SL Green Operating Partnership Unitholders					
		Partner's Interest				
	Series I Preferred Units	Common Units	Common Unitholders	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total
Balance at December 31, 2014	$ 221,932	97,325	$ 6,722,422	$ (6,980)	$ 521,842	$ 7,459,216
Net income			284,084		15,843	299,927
Acquisition of subsidiary interest from noncontrolling interest			(9,566)		(11,084)	(20,650)
Other comprehensive (loss)				(1,769)		(1,769)
Preferred distributions			(14,952)			(14,952)
Conversion of common units		483	55,697			55,697
DRSPP proceeds		776	99,555			99,555
Reallocation of capital account relating to sale					(10,143)	(10,143)
Reallocation of noncontrolling interests in the operating partnership		20,915			20,915	
Deferred compensation plan and stock award, net		168	(2,982)			(2,982)
Amortization of deferred compensation plan			26,721			26,721
Contribution to consolidated joint venture interests					35,178	35,178
Contributions—net proceeds from common stock offering		1,007	126,989			126,989
Contributions—proceeds from stock options exercised		217	16,362			16,362
Cash distributions to noncontrolling interests					(119,784)	(119,784)
Cash distributions declared ($2.52 per common unit, none of which represented a return of capital for federal income tax purposes)			(250,963)			(250,963)
Balance at December 31, 2015	221,932	99,976	7,074,282	(8,749)	431,852	7,719,317
Net income			249,896		7,644	257,540
Other comprehensive income				30,886		30,886
Preferred distributions			(14,950)			(14,950)
DRSPP proceeds		2	277			277
Conversion of common units		295	31,806			31,806
Reallocation of noncontrolling interests in the operating partnership			(4,222)			(4,222)
Deferred compensation plan and stock award, net		96	(1,988)			(1,988)
Amortization of deferred compensation plan			25,890			25,890
Issuance of stock			(40)			(40)
Contribution to consolidated joint venture interests					2,359	2,359
Contributions—proceeds from stock options exercised		193	14,832			14,832
Cash distributions to noncontrolling interests					(15,419)	(15,419)
Cash distributions declared ($2.94 per common unit, none of which represented a return of capital for federal income tax purposes)			(295,377)			(295,377)
Balance at December 31, 2016	221,932	100,562	7,080,406	22,137	426,436	7,750,911
Net income (loss)			101,374		(15,701)	85,673
Other comprehensive loss				(3,533)		(3,533)
Preferred dividends			(14,950)			(14,950)
DRSPP proceeds		2	223			223
Conversion of common units		202	21,574			21,574
Reallocation of noncontrolling interest in the Operating Partnership			5,712			5,712
Equity component of repurchased exchangeable senior notes			(109,776)			(109,776)
Deferred compensation plan and stock award, net		87	(2,374)			(2,374)
Amortization of deferred compensation plan			32,161	32,161		
Repurchases of common stock		(8,342)	(848,048)			(848,048)
Proceeds from stock options exercised		292	23,314			23,314
Contributions to consolidated joint venture interests					36,275	36,275
Deconsolidation of partially owned entity					(30,203)	(30,203)
Cash distributions to noncontrolling interests					(52,446)	(52,446)
Cash distributions declared ($3.1375 per common share, none of which represented a return of capital for federal income tax purposes)			(305,059)			(305,059)
Balance at December 31, 2017	**$221,932**	**92,803**	**$5,984,557**	**$18,604**	**$364,361**	**$6,589,454**

SL GREEN OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 2017	2016	2015
Operating Activities			
Net income	**$ 101,069**	$ 278,911	$ 317,459
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**419,818**	845,605	588,238
Equity in net income from unconsolidated joint ventures	**(21,892)**	(11,874)	(13,028)
Distributions of cumulative earnings from unconsolidated joint ventures	**20,309**	24,337	40,759
Equity in net gain on sale of interest in unconsolidated joint venture interest/real estate	**(16,166)**	(44,009)	(15,844)
Purchase price fair value adjustment	**—**	—	(40,078)
Depreciable real estate reserves	**178,520**	10,387	19,226
Gain on sale of real estate, net	**(73,241)**	(238,116)	(175,974)
Gain on sale of discontinued operations	**—**	—	(14,122)
(Gain) loss on sale of investments in marketable securities	**(3,262)**	83	—
Loss on early extinguishment of debt	**—**	—	49
Deferred rents receivable	**(38,009)**	26,716	(136,924)
Other non-cash adjustments(1)	**17,196**	(150,913)	(20,671)
Changes in operating assets and liabilities:			
Restricted cash—operations	**7,147**	(10,811)	11,289
Tenant and other receivables	**(5,717)**	4,780	(6,405)
Related party receivables	**(7,209)**	(5,183)	1,278
Deferred lease costs	**(41,939)**	(70,707)	(61,005)
Other assets	**(23,068)**	9,899	18,501
Accounts payable, accrued expenses and other liabilities and security deposits	**(11,790)**	(35,628)	8,634
Deferred revenue and land leases payable	**46,607**	1,237	5,102
Net cash provided by operating activities	**548,373**	634,714	526,484
Investing Activities			
Acquisitions of real estate property	**(13,680)**	(37,760)	(2,653,311)
Additions to land, buildings and improvements	**(335,253)**	(411,950)	(406,442)
Escrowed cash—capital improvements/acquisition deposits/deferred purchase price	**(3,499)**	92,374	(101,000)
Investments in unconsolidated joint ventures	**(389,249)**	(84,456)	(161,712)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	**319,745**	196,211	98,639
Net proceeds from disposition of real estate/joint venture interest	**639,682**	2,469,719	1,216,785
Proceeds from sale of marketable securities	**55,129**	6,965	1,426
Purchases of marketable securities	**—**	(43,341)	(7,769)
Other investments	**25,330**	7,704	(15,806)
Origination of debt and preferred equity investments	**(1,129,970)**	(977,413)	(756,939)
Repayments or redemption of debt and preferred equity investments	**812,914**	904,517	520,218
Net cash (used in) provided by investing activities	**(18,851)**	2,122,570	(2,265,911)
Financing Activities			
Proceeds from mortgages and other loans payable	**$ 870,459**	$ 408,293	$ 1,849,293
Repayments of mortgages and other loans payable	**(902,460)**	(1,822,303)	(781,236)
Proceeds from revolving credit facility, term loans and senior unsecured notes	**2,784,599**	1,325,300	2,515,000
Repayments of revolving credit facility, term loans and senior unsecured notes	**(2,276,782)**	(2,334,604)	(1,706,007)
Payments of debt extinguishment costs	**—**	—	—
Proceeds from stock options exercised and DRSPP issuance	**23,537**	15,109	115,917
Net proceeds from sale of common stock	**—**	—	124,761
Repurchase of common stock	**(806,302)**	—	—
Redemption of preferred units	**(275)**	(3,299)	(200)
Distributions to noncontrolling interests in other partnerships	**(52,446)**	(15,419)	(119,784)
Contributions from noncontrolling interests in other partnerships	**36,275**	2,359	12,674
Distributions paid on common and preferred units	**(347,809)**	(326,750)	(267,088)
Other obligations related to mortgage loan participations	**17,227**	59,150	25,000
Deferred loan costs and capitalized lease obligation	**(27,100)**	(41,076)	(54,913)
Net cash (used in) provided by financing activities	**(681,077)**	(2,733,240)	1,713,417
Net (decrease) increase in cash and cash equivalents	**(151,555)**	24,044	(26,010)
Cash and cash equivalents at beginning of year	**279,443**	255,399	281,409
Cash and cash equivalents at end of period	**$ 127,888**	$ 279,443	$ 255,399

(1) Included in Other non-cash adjustments is $172.4 million for the year ended December 31, 2016 for the amortization of the below-market lease at 388-390 Greenwich Street as a result of the tenant exercising their option to purchase the property and entering into an agreement to accelerate the sale.

SL GREEN OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
(in thousands)	**2017**	**2016**	**2015**
Supplemental cash flow disclosures:			
Interest paid	**$273,819**	$ 344,295	$345,110
Income taxes paid	**$2,448**	$2,009	$3,882
Supplemental Disclosure of Non-Cash Investing and Financing Activities:			
Issuance of units in the operating partnership	**25,723**	78,495	30,506
Redemption of units in the operating partnership	**21,574**	31,806	55,697
Derivative instruments at fair value	**4,397**	31,826	1,816
Exchange of debt investment for equity in joint venture	—	68,581	10,151
Acquisition of subsidiary interest from noncontrolling interest	—	—	20,630
Issuance of common stock relating to the real estate acquisition	—	—	2,228
Issuance of preferred units relating to the real estate acquisition	—	22,793	211,601
Tenant improvements and capital expenditures payable	**6,667**	15,972	7,755
Fair value adjustment to noncontrolling interest in the operating partnership	**5,712**	4,222	20,915
Assumption of mortgage loan	—	—	112,795
Capital lease assets	—	—	20,000
Reclassification of development costs from other assets to real estate	—	—	47,519
Deconsolidation of a subsidiary(1)	**695,204**	1,226,425	27,435
Transfer of assets to assets held for sale	**611,809**	2,048,376	34,981
Transfer of liabilities related to assets held for sale	**5,364**	1,677,528	29,000
Consolidation of real estate investment	—	—	158,566
Removal of fully depreciated commercial real estate properties	**15,488**	31,474	241,910
Issuance of SLG's common stock to a consolidated joint venture	—	114,049	10,000
Contribution to consolidated joint venture by noncontrolling interest	—	—	22,504
Share repurchase payable	**41,746**	—	—

(1) $366.6 million of the 2017 amount relates to 1515 Broadway. In November 2017, the Company sold a 30.13% interest in 1515 Broadway to affiliates of Allianz Real Estate. The sale did not meet the criteria for sale accounting and as a result the property was accounted for under the profit sharing method. The Company achieved sale accounting upon adoption of ASC 610-20 in January 2018 and closed on the sale of an additional 12.87% interest in the property to Allianz in February 2018. See Note 6, "Investments in Unconsolidated Joint Ventures.".

In December 2017, 2016 and 2015, SLGOP declared quarterly distributions per common unit of $0.8125, $0.775 and $0.72, respectively. These distributions were paid in January 2018, 2017 and 2016, respectively.

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

1.ORGANIZATION AND BASIS OF PRESENTATION

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

Substantially all of our assets are held by, and all of our operations are conducted through, the Operating Partnership. The Company is the sole managing general partner of the Operating Partnership. As of December 31, 2017, noncontrolling investors held, in the aggregate, a 4.58% limited partnership interest in the Operating Partnership. We refer to these interests as the noncontrolling interests in the Operating Partnership. The Operating Partnership is considered a variable interest entity, or VIE, in which we are the primary beneficiary. See Note 11, "Noncontrolling Interests on the Company's Consolidated Financial Statements."

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

As of December 31, 2017, we owned the following interests in properties in the New York metropolitan area, primarily in midtown Manhattan. Our investments located outside of Manhattan are referred to as the Suburban properties:

		Consolidated		Unconsolidated		Total		
Location	**Property Type**	**Number of Properties**	**Approximate Square Feet** (unaudited)	**Number of Properties**	**Approximate Square Feet** (unaudited)	**Number of Properties**	**Approximate Square Feet** (unaudited)	**Weighted Average Occupancy**(1) (unaudited)
Commercial:								
Manhattan	Office	23(2)	14,304,606	9	10,356,864	32	24,661,470	93.9%
	Retail	4(3)	302,583	9	347,970	13	650,553	94.5%
	Development/ Redevelopment	7	158,985	4	770,514	11	929,499	63.8%
	Fee Interest	1	176,530	1	—	2	176,530	100.0%
		35	14,942,704	23	11,475,348	58	26,418,052	92.9%
Suburban	Office	20(4)	3,013,200	2	640,000	22	3,653,200	84.0%
	Retail	1	52,000	—	—	1	52,000	100.0%
	Development/ Redevelopment	1	1,000	1	—	2	1,000	100.0%
		22	3,066,200	3	640,000	25	3,706,200	84.3%
Total commercial properties		57	18,008,904	26	12,115,348	83	30,124,252	91.8%
Residential:								
Manhattan	Residential	3(3)	472,105	12	2,656,856	15	3,128,961	87.6%
Suburban	Residential	—	—	—	—	—	—	—%
Total residential properties		3	472,105	12	2,656,856	15	3,128,961	87.6%
Total portfolio		60	18,481,009	38	14,772,204	98	33,253,213	91.4%

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

(2) Includes the property at 600 Lexington Avenue in New York, New York which is classified as held for sale at December 31, 2017.

(3) As of December 31, 2017, we owned a building that was comprised of approximately 270,132 square feet (unaudited) of retail space and approximately 222,855 square feet (unaudited) of residential space. For the purpose of this report, we have included the building in the number of retail properties we own. However, we have included only the retail square footage in the retail approximate square footage, and have listed the balance of the square footage as residential square footage.

(4) Includes the properties at 115-117 Stevens Avenue in Valhalla, New York, and 1-6 International Drive in Rye Brook, New York which are classified as held for sale at December 31, 2017.

As of December 31, 2017, we also managed an approximately 336,000 square foot (unaudited) office building owned by a third party and held debt and preferred equity investments with a book value of $2.3 billion, including $0.2 billion of debt and preferred equity investments and other financing receivables that are included in balance sheet line items other than the Debt and Preferred Equity Investments line item.

Partnership Agreement

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

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries, which are wholly-owned or controlled by us. Entities which we do not control through our voting interest and entities which are variable interest entities, but where we are not the primary beneficiary, are accounted for under the equity method. See Note 5, "Debt and Preferred Equity Investments" and Note 6, "Investments in Unconsolidated Joint Ventures." All significant intercompany balances and transactions have been eliminated.

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

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

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

In January 2018, the partnership agreement for our investment in the property at 919 Third Avenue was modified resulting in our partner now having substantive participating rights in the venture. As a result the investment will no longer be deemed a VIE and our investment in the property will be deconsolidated as of January 1, 2018. The Company will record its non-controlling interest at fair value. This fair value will be allocated to the assets and liabilities, including identified intangibles. Under this methodology, the leases are ascribed an in-place lease intangible value as well as an above or below market lease intangible value which will be amortized over the remaining term of the associated leases.

Investment in Commercial Real Estate Properties

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

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

We allocate the purchase price of real estate to land and building (inclusive of tenant improvements) and, if determined to be material, intangibles, such as the value of above- and below-market leases and origination costs associated with the in-place leases. We depreciate the amount allocated to building (inclusive of tenant improvements) over their estimated useful lives, which generally range from three to 40 years. We amortize the amount allocated to the above- and below-market leases over the remaining term of the associated lease, which generally range from one to 14 years, and record it as either an increase (in the case of below-market leases) or a decrease (in the case of above-market leases) to rental income. We amortize the amount allocated to the values associated with in-place leases over the expected term of the associated lease, which generally ranges from one to 14 years. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off. The tenant improvements and origination costs are amortized as an expense over the remaining life of the lease (or charged against earnings if the lease is terminated prior to its contractual expiration date). We assess fair value of the leases based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property. To the extent acquired leases contain fixed rate renewal options that are below-market and determined to be material, we amortize such below-market lease value into rental income over the renewal period. As of December 31, 2017, the weighted average amortization period for above-market leases, below-market leases, and in-place lease costs is 6.0 years, 23.3 years, and 16.3 years, respectively.

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

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

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

Depreciation expense (including amortization of capital lease assets) totaled $365.3 million, $783.5 million, and $523.8 million for the years ended December 31, 2017, 2016 and 2015, respectively.

On a periodic basis, we assess whether there are any indications that the value of our real estate properties may be other than temporarily impaired or that their carrying value may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the calculated fair value of the property.

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

Cash and Cash Equivalents

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

Restricted Cash

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

Fair Value Measurements

See Note 16, "Fair Value Measurements."

Investment in Marketable Securities

At acquisition, we designate a security as held-to-maturity, available-for-sale, or trading. As of December 31, 2017, we did not have any securities designated as held-to-maturity or trading. We account for our available-for-sale securities at fair value pursuant to Accounting Standards Codification, or ASC 820-10, with the net unrealized gains or losses reported as a component of accumulated other comprehensive income or loss. Any unrealized losses that are determined to be other-than-temporary are recognized in earnings up to their credit component.

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

At December 31, 2017 and 2016, we held the following marketable securities (in thousands):

	December 31,	
	2017	**2016**
Equity marketable securities	**$ —**	$48,315
Commercial mortgage-backed securities	**28,579**	36,795
Total marketable securities available-for-sale	**$28,579**	$85,110

The cost basis of the commercial mortgage-backed securities was $27.5 million and $36.0 million at December 31, 2017 and 2016, respectively. These securities mature at various times through 2035. We held no equity marketable securities as of December 31, 2017. The cost basis of the equity marketable securities was $43.3 million at December 31, 2016.

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

During the year ended December 31, 2016, we disposed of marketable securities for aggregate net proceeds of $7.0 million and realized a loss of $0.1 million, which is included in gain (loss) on sale of investment in marketable securities on the consolidated statements of operations.

Investments in Unconsolidated Joint Ventures

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

We assess our investments in unconsolidated joint ventures for recoverability, and if it is determined that a loss in value of the investment is other than temporary, we write down the investment to its fair value. We evaluate our equity investments for impairment based on the joint ventures' projected discounted cash flows. We do not believe that the values of any of our equity investments were impaired at December 31, 2017.

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

Deferred Lease Costs

Deferred lease costs consist of fees and direct costs incurred to execute operating leases and are amortized on a straight-line basis over the related lease term. Certain of our employees provide leasing services to the wholly-owned properties. For the years ended December 31, 2017, 2016 and 2015, $16.4 million, $15.4 million, and $15.4 million of their compensation, respectively, was capitalized and is amortized over an estimated average lease term of seven years.

Deferred Financing Costs

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

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 recognized $20.3 million, $196.2 million, and $38.7 million of rental revenue for the years ended December 31, 2017, 2016, and 2015 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. Included in rental revenue for the year ended December 31, 2016 is $172.4 million related to the amortization of below-market leases at 388-390 Greenwich Street as a result of the tenant exercising their option to purchase the property and entering into an agreement to accelerate the sale.

We recognized as a reduction to interest expense the amortization of the above-market rate mortgages assumed of $0.8 million, $2.8 million, and $2.3 million for the years ended December 31, 2017, 2016 and 2015, respectively.

The following summarizes our identified intangible assets (acquired above-market leases and in-place leases) and intangible liabilities (acquired below-market leases) as of December 31, 2017 and 2016 (in thousands):

	December 31,	
	2017	**2016**
Identified intangible assets (included in other assets):		
Gross amount	**$ 325,880**	$ 651,099
Accumulated amortization	**(277,038)**	(410,930)
Net(1)	**$ 48,842**	$ 240,169
Identified intangible liabilities (included in deferred revenue):		
Gross amount	**$ 540,283**	$ 655,930
Accumulated amortization	**(402,583)**	(464,749)
Net(1)	**$ 137,700**	$ 191,181

(1) As of December 31, 2017, $13.9 million net intangible assets and $4.1 million net intangible liabilities were reclassified to assets held for sale and liabilities related to assets held for sale.

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

2018	$(13,853)
2019	(13,250)
2020	(12,432)
2021	(3,950)
2022	(3,647)

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

2018	$9,700
2019	7,716
2020	6,783
2021	3,927
2022	2,365

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

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

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

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

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

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

Allowance for Doubtful Accounts

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

Reserve for Possible Credit Losses

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

Where impairment is indicated on an investment that is held to maturity, a valuation allowance is measured based upon the excess of the recorded investment amount over the fair value of the collateral. Any deficiency between the carrying amount of an asset and the calculated value of the collateral is charged to expense. We continue to assess or adjust our estimates based on circumstances of a loan and the underlying collateral. If additional information reflects increased recovery of our investment, we will adjust our reserves accordingly. There were no loan reserves recorded during the years ended December 31, 2017, 2016, and 2015.

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

Rent Expense

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

Underwriting Commissions and Costs

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

Exchangeable Debt Instruments

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

Transaction Costs

In January 2017, we adopted ASU No. 2017-01, Business Combinations: Clarifying the Definition of a Business, which changed how we account for transaction costs. Prior to January 2017, transaction costs were expensed as incurred. Starting in January 2017, transaction costs for asset acquisitions are capitalized to the investment basis which is then subject to a purchase price allocation based on relative fair value and transaction costs for business combinations or costs incurred on potential transactions which are not consummated are expensed as incurred.

Income Taxes

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

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

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

During the years ended December 31, 2017, 2016 and 2015, we recorded Federal, state and local tax provisions of $4.3 million, $2.8 million, and $3.1 million, respectively. For the year ended December 31, 2017, the Company paid distributions on its common stock of $3.10 per share which represented $1.24 per share of ordinary income and $1.86 per share of capital gains. For the year ended December 31, 2016, the Company paid distributions on its common stock of $2.88 per share which represented $2.48 per share of ordinary income, and $0.40 per share of capital gains. For the year ended December 31, 2015, the Company paid distributions on its common stock of $2.40 per share which represented $0.00 per share of ordinary income and $2.40 per share of capital gains.

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

On December 22, 2017, the Tax Cuts and Jobs Act (the ''Tax Act'') was signed into law and makes substantial changes to the Code. Many of the provisions of the Tax Act will require guidance through the issuance of Treasury regulations in order to assess their effect. The Tax Act did not have a material impact on our financial statements for the year ended December 31, 2017.

Stock-Based Employee Compensation Plans

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

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

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

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

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

Derivative Instruments

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

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

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

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

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

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

Earnings per Share of the Company

The Company presents both basic and diluted earnings per share, or EPS. Basic EPS excludes dilution and is computed by dividing net income or loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Basic EPS includes participating securities, consisting of unvested restricted stock that receive nonforfeitable dividends similar to shares of common stock. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS amount. Diluted EPS also includes units of limited partnership interest. The dilutive effect of stock options is reflected in the weighted average diluted outstanding shares calculation by application of the treasury stock method. There is no dilutive effect for the exchangeable senior notes as the conversion premium will be paid in cash.

Earnings per Unit of the Operating Partnership

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

Use of Estimates

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

Concentrations of Credit Risk

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

We perform ongoing credit evaluations of our tenants and require most tenants to provide security deposits or letters of credit. Though these security deposits and letters of credit are insufficient to meet the total value of a tenant's lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost revenue and the costs associated with re-tenanting a space. The properties in our real estate portfolio are located in the New York metropolitan area. The tenants located in our buildings operate in various industries. Other than one tenant, Credit Suisse Securities (USA), Inc., who accounts for 8.0% of our share of annualized cash rent, no other tenant in our portfolio accounted for more than 5.0% of our share of annualized cash rent, including our share of joint venture annualized rent, at December 31, 2017. For the year ended December 31, 2017, 7.1%, 7.1%, 7.0%, 6.0%, and 5.6% of our annualized cash rent for consolidated properties was attributable to 11 Madison Avenue, 1185 Avenue of the Americas, 1515 Broadway, 420 Lexington Avenue, and One Madison Avenue, respectively. Annualized cash rent for all other consolidated properties was below 5.0%.

For the year ended December 31, 2016, 8.8%, 6.9%, 6.1%, 5.9%, and 5.6% of our annualized cash rent for consolidated properties was attributable to 1515 Broadway, 1185 Avenue of the Americas, 11 Madison Avenue, 420 Lexington Avenue, and One Madison Avenue, respectively. For the year ended December 31, 2015, 8.9%, 8.2%, 6.6%, 6.5%, and 5.6% of our annualized cash rent for consolidated properties was attributable to 1515 Broadway, 388-390 Greenwich Street, 1185 Avenue of the Americas, 11 Madison Avenue, and 420 Lexington Avenue, respectively.

As of December 31, 2017, 68.4% of our work force is covered by six collective bargaining agreements and 55.0% of our work force, which services substantially all of our properties, is covered by a collective bargaining agreement, which expires in December 2019. Approximately 8.8% of our work force is covered by a collective bargaining agreement which expires in December 2018. See Note 19, "Benefits Plans."

Reclassification

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

Accounting Standards Updates

In August 2017, the FASB issued Accounting Standards Update (ASU) No. 2017-12, Derivatives and Hedging (Topic 815), Targeted Improvements to Accounting for Hedging Activities. The amendments in the new standard will permit more flexibility in hedging interest rate risk for both variable rate and fixed rate financial instruments. The standard will also enhance the presentation of hedge results in the financial statements. The guidance is effective for fiscal years beginning after December 15, 2018 and early adoption is permitted. The Company has not yet adopted the guidance, and does not expect a material impact on the Company's consolidated financial statements when the new standard is implemented.

In May 2017, the FASB issued Accounting Standards Update (ASU) No. 2017-09, Compensation—Stock Compensation (Topic 718), Scope of Modification Accounting. The guidance clarifies the changes to the terms or conditions of a share-based payment award that require an entity to apply modification accounting in Topic 718. The guidance is effective for fiscal years beginning after December 15, 2017 and early adoption is permitted. The Company has not yet adopted the guidance, and does not expect a material impact on the Company's consolidated financial statements when the new standard is implemented.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. The guidance clarifies the definition of a business and provides guidance to assist with determining whether transactions should be accounted for as acquisitions of assets or businesses. The main provision is that an acquiree is not a business if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or group of assets. The Company adopted the guidance on the issuance date effective January 5, 2017. The Company expects that most of its real estate acquisitions will be considered asset acquisitions under the new guidance and that transaction costs will be capitalized to the investment basis which is then subject to a purchase price allocation based on relative fair value.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The guidance will require entities to show the changes on the total cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between these items on the statement of cash flows. The guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. The Company has not yet adopted this new guidance and is currently evaluating the impact of adopting this new accounting standard on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The ASU provides final guidance on eight cash flow issues, including debt prepayment or debt extinguishment costs, contingent consideration payments made after a business combination, distributions received from equity method investees, separately identifiable cash flows and application of the predominance principle, and others. The amendments in the ASU are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company adopted the guidance effective January 1, 2017 and there was no impact on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The guidance changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance replaces the current 'incurred loss' model with an 'expected loss' approach. The guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted after December 2018. The Company has not yet adopted this new guidance and is currently evaluating the impact of adopting this new accounting standard on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. The guidance simplifies the accounting for share-based payment award transactions including: income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted. The Company adopted the guidance effective January 1, 2017 and there was no material impact on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-07, Investments Equity Method and Joint Ventures (Topic 323). The guidance eliminates the requirement that an entity retroactively adopt the equity method of accounting if an investment qualifies for use of the equity method as a result of an increase in the level of ownership or degree of influence. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. The Company adopted the guidance effective January 1, 2017 and there was no impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases. The guidance requires lessees to recognize lease assets and lease liabilities for those leases classified as operating leases under the previous standard. Depending on the lease classification, lessees will recognize expense based on the effective interest method for finance leases or on a straight-line basis for operating leases. The accounting applied by a lessor is largely unchanged from that applied under the previous standard. One of the potential impacts on the Company may be the presentation and disclosure in the financial statements of non-lease components such as charges to tenants for a building's operating expenses. As currently written, the guidance would require that the non-lease components be presented separately from the lease components in both the Consolidated Statements of Operations and Consolidated Balance Sheets. In January 2018, the FASB issued an exposure draft, Leases (Topic 842) Targeted Improvements, which would provide lessors with a practical expedient to not separate non-lease components from the related lease component under certain conditions. We anticipate the majority of our leases would qualify for the practical expedient. We expect this guidance to be finalized in 2018 and, as a result, we would adopt the practical expedient. Another impact is the measurement and presentation of ground leases under which the Company is lessee. The Company is required to record a liability for the obligation to make payments under the lease and an asset for the right to use the underlying asset during the lease term and will also apply the new expense recognition requirements given the lease classification. The Company is currently quantifying these impacts. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company expects to adopt this guidance January 1, 2019 and will apply the modified retrospective approach.

In January 2016, the FASB issued ASU 2016-01 (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities. The guidance requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value through earnings to record changes in instruments-specific credit risk for financial liabilities measured under the fair value option in other comprehensive income, use the exit price notion when measuring an instrument's fair value for disclosure and to separately present financial assets and liabilities by measurement category and form of instrument on the balance sheet or in the notes to the financial statements. The guidance is effective for fiscal years beginning after December 15, 2017, and for interim periods therein. The Company has not yet adopted this new guidance and does not expect a material impact on the Company's consolidated financial statements when the new standard is implemented.

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 2014-09). The FASB also issued implementation guidance in March 2016, April 2016 and May 2016—ASU's 2016-08, 2016-10 and 2016-12, respectively. These ASUs are effective for annual and interim periods beginning after December 15, 2017. The Company will adopt this guidance January 1, 2018. Since the Company's revenue is related to leasing activities, the adoption of this guidance will not have a material impact on the consolidated financial statements. The new guidance is applicable to service contracts with joint ventures for which the Company earns property management fees, leasing commissions and development and construction fees. The adoption of this new guidance does not change the accounting for these fees as the pattern of recognition of revenue does not change with the new guidance. We will continue to recognize revenue over time on these contracts because the customer simultaneously receives and consumes the benefits provided by our performance. Thus, the analysis of our contracts under the new revenue recognition standard is consistent with our current revenue recognition model.

In February 2017, the FASB issued Accounting Standards Update (ASU) No. 2017-05 to clarify the scope of asset derecognition guidance in Subtopic 610-20, which also provided guidance on accounting for partial sales of nonfinancial assets. Subtopic 610-20 was issued in May 2014 as part of ASU 2014-09. The Company will adopt this guidance January 1, 2018, and apply the modified retrospective approach. Additionally, the Company will elect to adopt the practical expedient under ASC 606, Revenue from Contracts with Customers, which allows an entity to apply the guidance to only to contracts with non-customers that are open based on the ASU 360-20, Real Estate Sales, (i.e. failed sales) as of the adoption date. The Company had one open contract in 2017 with a non-customer that will be evaluated under ASC 610-20. The Company entered into an agreement to sell a portion of their interest in an entity that held a controlling interest in the property at 1515 Broadway. Upon execution of the agreement in 2017, the transaction was evaluated under ASC 360-20, Real Estate Sales, and did not meet the criteria for sale accounting. Upon adoption of ASC 606, this contract will have met the criteria for sale accounting under ASC 610-20 and will be recorded in the first quarter of 2018 as an adjustment to beginning retained earnings. Through the sale, the Company no longer retains a controlling interest, as defined in ASC 810, Consolidation, and the impact of this adjustment will be a gain of $0.6 billion from the sale of the partial interest and related step-up in basis to fair value of the non-controlling interest retained. The Company will use the purchase price paid by the third party as an indicator of fair value. This purchase price will be allocated to the assets and liabilities, including identified intangibles. Under this methodology the leases are ascribed an in-place lease intangible value as well as an above or below market lease intangible value which will be amortized over the remaining term of the associated leases.

3. PROPERTY ACQUISITIONS

2017 Acquisitions

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

2016 Acquisitions

During the year ended December 31, 2016, the property listed below was acquired from a third party. The following summarizes our final allocation of the purchase price of the assets acquired and liabilities assumed upon the closing of this acquisition (in thousands):

	183 Broadway
Acquisition Date	March 2016
Ownership Type	Fee Interest
Property Type	Retail/Residential
Purchase Price Allocation:	
Land	$ 5,799
Building and building leasehold	23,431
Above-market lease value	—
Acquired in-place leases	773
Other assets, net of other liabilities	20
Assets acquired	30,023
Mark-to-market assumed debt	—
Below-market lease value	(1,523)
Derivatives	—
Liabilities assumed	(1,523)
Purchase price	$28,500
Net consideration funded by us at closing, excluding consideration financed by debt	$28,500
Equity and/or debt investment held	$ —
Debt assumed	$ —

2015 Acquisitions

During the year ended December 31, 2016, we finalized the purchase price allocations for the following 2015 acquisitions based on facts and circumstances that existed at the acquisition date for each property (in thousands):

	600 Lexington Avenue(1)(2)	187 Broadway and 5 & 7 Dey Street(1)(3)	11 Madison Avenue(1)	110 Greene Street(1)(4)	Upper East Side Residential(1)(5)	1640 Flatbush Avenue(1)
Acquisition Date	December 2015	August 2015	August 2015	July 2015	June 2015	March 2015
Ownership Type	Fee Interest	Fee Interest	Fee Interest	Fee Interest	Fee Interest	Fee Interest
Property Type	Office	Residential/Retail	Office	Office	Residential/Retail	Retail
Purchase Price Allocation:						
Land	$ 81,670	$20,266	$ 675,776	$45,120	$48,152	$6,226
Building and building leasehold	182,447	42,468	1,553,602	215,470	—	501
Above-market lease value	3,320	17	19,764	—	—	—
Acquired in-place leases	22,449	3,621	366,949	8,967	1,922	146
Other assets, net of other liabilities	—	—	—	—	—	—
Assets acquired	289,886	66,372	2,616,091	269,557	50,074	6,873
Mark-to-market assumed debt	(55)	—	—	—	—	—
Below-market lease value	(5,831)	(3,226)	(187,732)	(14,557)	—	(73)
Derivatives	—	—	—	—	—	—
Liabilities assumed	(5,886)	(3,226)	(187,732)	(14,557)	—	(73)
Purchase price	$284,000	$63,146	$2,428,359	$255,000	$50,074	$6,800
Net consideration funded by us at closing, excluding consideration financed by debt	$ 79,085	$ —	$ —	$ —	$ —	$ —
Equity and/or debt investment held	$ 54,575	$ —	$ —	$ —	$ —	$ —
Debt assumed	$112,795	$ —	$ —	$ —	$ —	$ —

(1) Based on our preliminary analysis of the purchase price, we had allocated $97.0 million and $180.2 million to land and building, respectively, at 600 Lexington Avenue, $22.1 million and $41.0 million to land and building, respectively, at 187 Broadway and 5&7 Dey Street, $849.9 million and $1.6 billion to land and building, respectively, at 11 Madison Avenue, $89.3 million and $165.8 million to land and building, respectively, at 110 Greene Street, and $17.5 million and $32.5 million to land and building, respectively, at the Upper Eastside Residential Property and $6.1 million and $0.7 million to land and building, respectively, at 1640 Flatbush Avenue. The impact to our consolidated statements of operations for the twelve months ended December 31, 2015 was an increase in rental revenue of $7.8 million for the amortization of aggregate below-market leases and an additional $18.5 million of depreciation expense.

(2) In December 2015, we acquired Canada Pension Plan Investment Board's 45% interest in this property, thereby consolidating full ownership of the property. The transaction valued the consolidated interests at $277.3 million. We recognized a purchase price fair value adjustment of $40.1 million upon closing of this transaction. This property, which we initially acquired in May 2010, was previously accounted for as an investment in unconsolidated joint ventures.

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

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

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

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

	600 Lexington Avenue
Contract purchase price	$284,000
Net consideration funded by us at closing, excluding consideration financed by debt	(79,085)
Debt assumed	(112,795)
Fair value of retained equity interest	92,120
Equity and/or debt investment held	(54,575)
Other(1)	2,533
Purchase price fair value adjustment	$ 40,078

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

Pro Forma Unaudited

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

(in thousands, except per share/unit amounts)	
Actual revenues since acquisition	$ 29,865
Actual net income since acquisition	159
Pro forma revenues	1,657,937
Pro forma income from continuing operations(1)	102,440
Pro forma basic earnings per share	$ 0.76
Pro forma diluted earnings per share	$ 0.75
Pro forma basic earnings per unit	$ 0.76
Pro forma diluted earnings per unit	$ 0.75

(1) The pro forma income from continuing operations for the year ended December 31, 2015 includes the effect of the incremental borrowings, including a $1.4 billion, 10-year, interest only, fixed rate mortgage financing carrying a per annum stated interest rate of 3.838% to complete the acquisition and the preliminary allocation of purchase price.

4. PROPERTIES HELD FOR SALE AND PROPERTY DISPOSITIONS

Properties Held for Sale

As of December 31, 2017, 600 Lexington Avenue in Manhattan, 115-117 Stevens Avenue in Valhalla, New York, and 1-6 International Drive in Rye Brook, New York were classified as held for sale. During the fourth quarter of 2017, we entered into an agreement to sell the property at 600 Lexington Avenue for a gross asset valuation of $305.0 million. We closed on the sale of 600 Lexington Avenue in January 2018.

During the fourth quarter of 2017, the Company recorded a charge of $17.8 million in connection with the reclassification of 115-117 Stevens Avenue to held for sale, and a charge of $69.1 million in connection with the reclassification of 1-6 International Drive to held for sale. These charges are included in depreciable real estate reserves in the consolidated statement of operations.

The Company classified 16 Court Street in Brooklyn, New York and 125 Chubb Way in Lyndhurst, New Jersey as held for sale as of September 30, 2017; 125 Chubb Way in Lyndhurst, New Jersey and the properties at 680-750 Washington Boulevard in Stamford, Connecticut as held for sale as of June 30, 2017; and 520 White Plains Road in Tarrytown, NY and a 90% interest in 102 Greene Street in New York, NY as held for sale as of March 31, 2017.

Property Dispositions

The following table summarizes the properties sold during the years ended December 31, 2017, 2016, and 2015:

Property	Disposition Date	Property Type	Approximate Usable Square Feet (unaudited)	Sales Price[1] (in millions)	Gain (Loss) on Sale[2] (in millions)
1515 Broadway[3]	December 2017	Office	1,750,000	$1,950.0	$ —
125 Chubb Way[4]	October 2017	Office	278,000	29.5	(26.1)
16 Court Street	October 2017	Office	317,600	171.0	64.9
680-750 Washington Boulevard[5]	July 2017	Office	325,000	97.0	(44.2)
520 White Plains Road[6]	April 2017	Office	180,000	21.0	(14.6)
102 Greene Street[7]	April 2017	Retail	9,200	43.5	4.9
400 East 57th Street	October 2016	Residential	290,482	83.3	23.9
11 Madison Avenue[8]	August 2016	Office	2,314,000	2,605.0	3.6
500 West Putnam[9]	July 2016	Office	121,500	41.0	(10.4)
388 Greenwich	June 2016	Office	2,635,000	2,002.3	206.5
7 International Drive	May 2016	Land	31 Acres	20.0	(6.9)
248-252 Bedford Avenue	February 2016	Residential	66,611	55.0	15.3
885 Third Avenue[10]	February 2016	Land	607,000	453.0	(8.8)
140-150 Grand Street[11]	December 2015	Office/Development	215,100	32.0	(20.1)
570 & 574 Fifth Avenue	December 2015	Development	24,327	125.4	24.6
120 West 45th Street	September 2015	Office	440,000	365.0	58.6
131-137 Spring Street[12]	August 2015	Office	68,342	277.8	101.1
180 Maiden Lane	January 2015	Office	1,090,000	470.0	17.0

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

(2) The gain on sale for 16 Court Street, 102 Greene Street, 400 East 57th Street, 11 Madison Avenue, 388 Greenwich, 248-252 Bedford Avenue, 570 & 574 Fifth Avenue, 120 West 45th Street, 131-137 Spring Street, and 180 Maiden Lane are net of $2.5 million, $0.9 million, $1.0 million, $0.6 million, $1.6 million, $1.3 million, $4.0 million, $2.0 million, $4.1 million, and $0.8 million in employee compensation accrued in connection with the realization of these investment gains. Additionally, amounts do not include adjustments for expenses recorded in subsequent periods.

(3) In November 2017, the Company sold a 30.13% interest in 1515 Broadway to affiliates of Allianz Real Estate. The sale did not meet the criteria for sale accounting and as a result the property was accounted for under the profit sharing method. The Company achieved sale accounting upon adoption of ASC 610-20 in January 2018 and closed on the sale of an additional 12.87% interest in the property to Allianz in February 2018. See Note 6, "Investments in Unconsolidated Joint Ventures."

(4) The Company recorded a $26.1 million charge in 2017 that is included in depreciable real estate reserves in the consolidated statement of operations.

(5) The Company recorded a $44.2 million charge in 2017 that is included in depreciable real estate reserves in the consolidated statement of operations.

(6) The Company recorded a $14.6 million charge in 2017 that is included in depreciable real estate reserves in the consolidated statement of operations.

(7) In April 2017, we closed on the sale of a 90% interest 102 Greene Street and had subsequently accounted for our interest in the property as an investment in unconsolidated joint ventures. We sold the remaining 10% interest in September 2017. See Note 6, "Investments in Unconsolidated Joint Ventures."

(8) In August 2016, we sold a 40% interest in 11 Madison Avenue. The sale did not meet the criteria for sale accounting and, as a result, the property was accounted for under the profit sharing method. In November 2016, the Company obtained consent to the modifications to the mortgage on the property, which resulted in the Company achieving sale accounting on the transaction. See Note 6, "Investments in Unconsolidated Joint Ventures."

(9) The Company recorded a $10.4 million charge in 2016 that is included in depreciable real estate reserves in the consolidated statement of operations

(10) In February 2016, we closed on the sale of 885 Third Avenue. The sale did not meet the criteria for sale accounting and as a result the property remained on our consolidated financial statements until the criteria was met in April 2017.

(11) The Company recorded a $19.2 million charge in 2015 that is included in depreciable real estate reserves in the consolidated statement of operations.

(12) We sold an 80% interest in 131-137 Spring Street and have subsequently accounted for our interest in the properties as an investment in unconsolidated joint ventures. See Note 6, "Investments in Unconsolidated Joint Ventures."

Discontinued Operations

The Company adopted ASU 2014-08 effective January 1, 2015 which raised the threshold for disposals to qualify as discontinued operations to include only dispositions that represent a strategic shift in an entity's operations. The guidance was applied prospectively for new disposals. Since adoption no disposals have been deemed to represent strategic shifts in the Company's operations and as a result, the results of operations of all disposals are included in continuing operations for all periods presented. Discontinued operations includes the results of operations of 180 Maiden Lane which was held for sale at December 31, 2014 and sold in January 2015.

The following table summarizes net income from discontinued operations for the years ended December 31, 2017, 2016, and 2015 respectively (in thousands):

	Year Ended December 31,		
	2017	**2016**	**2015**
Revenues			
Rental revenue	**$—**	$—	$ 236
Escalation and reimbursement revenues	**—**	—	(127)
Other income	**—**	—	—
Total revenues	**—**	—	109
Operating expenses	**—**	—	(631)
Real estate taxes	**—**	—	250
Ground rent	**—**	—	—
Transaction related costs	**—**	—	(49)
Interest expense, net of interest income	**—**	—	109
Amortization of deferred financing costs	**—**	—	3
Depreciation and amortization	**—**	—	—
Total expenses	**—**	—	(318)
Net income from discontinued operations	**$—**	$—	$ 427

5. DEBT AND PREFERRED EQUITY INVESTMENTS

Below is the rollforward analysis of the activity relating to our debt and preferred equity investments as of December 31, 2017 and 2016 (in thousands):

	December 31,	
	2017	**2016**
Balance at beginning of period(1)	**$1,640,412**	$1,670,020
Debt investment originations/accretion(2)	**1,142,591**	1,009,176
Preferred Equity investment originations/accretion(2)	**144,456**	5,698
Redemptions/sales/syndications/amortization(3)	**(813,418)**	(1,044,482)
Balance at end of period(1)	**$2,114,041**	$1,640,412

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

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

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

Debt Investments

As of December 31, 2017 and 2016, we held the following debt investments with an aggregate weighted average current yield of 9.31%, excluding our investment in Two Herald Square, at December 31, 2017 (in thousands):

	December 31,				
Loan Type	**2017 Future Funding Obligations**	**2017 Senior Financing**	**2017 Carrying Value(1)**	**2016 Carrying Value(1)**	**Maturity Date(2)**
Fixed Rate Investments:					
Mortgage/Jr. Mortgage Loan(3)	**$—**	**$ —**	**$250,464**	$ —	April 2017
Mortgage Loan(4)	**—**	**—**	**26,366**	26,311	February 2019
Mortgage Loan	**—**	**—**	**239**	380	August 2019
Mezzanine Loan(5a)	**—**	**1,160,000**	**204,005**	—	March 2020
Mezzanine Loan	**—**	**15,000**	**3,500**	3,500	September 2021
Mezzanine Loan	**—**	**147,000**	**24,913**	—	April 2022
Mezzanine Loan	**—**	**86,976**	**12,699**	12,692	November 2023
Mezzanine Loan(5b)	**—**	**115,000**	**12,932**	12,925	June 2024
Mezzanine Loan	**—**	**95,000**	**30,000**	30,000	January 2025
Mezzanine Loan	**—**	**340,000**	**15,000**	15,000	November 2026
Mezzanine Loan	**—**	**1,657,500**	**55,250**	—	June 2027
Mezzanine Loan(6)	**—**	**—**	**—**	66,129	
Jr. Mortgage Participation/Mezzanine Loan(7)	**—**	**—**	**—**	193,422	
Total fixed rate	**$—**	**$3,616,476**	**$635,368**	$360,359	

	December 31,				
Loan Type	2017 Future Funding Obligations	2017 Senior Financing	2017 Carrying Value(1)	2016 Carrying Value(1)	Maturity Date(2)
Floating Rate Investments:					
Mezzanine Loan(5c)(8)	$ 795	$ —	$ 15,148	$ 15,051	March 2018
Mezzanine Loan	—	40,000	19,982	19,913	April 2018
Jr. Mortgage Participation	—	94,546	34,947	34,844	April 2018
Mezzanine Loan	523	20,523	10,934	10,863	August 2018
Mortgage/Mezzanine Loan	—	—	19,940	19,840	August 2018
Mortgage Loan	—	65,000	14,955	14,880	August 2018
Mortgage/Mezzanine Loan(9)	—	—	16,969	16,960	September 2018
Mezzanine Loan	—	37,500	14,855	14,648	September 2018
Mortgage/Mezzanine Loan(10)	391	—	23,609	20,423	October 2018
Mezzanine Loan	2,325	45,025	34,879	34,502	October 2018
Mezzanine Loan	—	335,000	74,755	74,476	November 2018
Mezzanine Loan(5d)(8)	—	85,000	15,381	15,141	December 2018
Mezzanine Loan(5e)(8)	—	65,000	14,869	14,656	December 2018
Mezzanine Loan	—	33,000	26,927	26,850	December 2018
Mezzanine Loan	—	175,000	59,723	56,114	December 2018
Mezzanine Loan	—	45,000	12,174	12,104	January 2019
Mortgage/Mezzanine Loan(5f)	26,284	—	162,553	—	January 2019
Mezzanine Loan	5,372	25,289	8,550	5,410	January 2019
Mezzanine Loan	—	38,000	21,939	21,891	March 2019
Mezzanine Loan	11	174,947	37,250	—	April 2019
Mezzanine Loan	—	265,000	24,830	24,707	April 2019
Mortgage/Jr. Mortgage Participation Loan	27,617	199,733	71,832	65,554	August 2019
Mezzanine Loan	2,034	189,829	37,851	37,322	September 2019
Mortgage/Mezzanine Loan	36,391	—	143,919	111,819	September 2019
Mezzanine Loan	—	350,000	34,737	—	October 2019
Mortgage/Mezzanine Loan	25,643	—	43,845	33,682	January 2020
Mezzanine Loan(11)	3,621	555,379	75,834	125,911	January 2020
Mezzanine Loan	6,913	34,337	11,259	—	July 2020
Mezzanine Loan(12)	51,494	310,654	75,428	63,137	November 2020
Mortgage and Mezzanine Loan	42,510	—	88,989	—	December 2020
Mortgage and Mezzanine Loan	—	—	35,152	—	December 2020
Jr. Mortgage Participation/Mezzanine Loan	—	60,000	15,635	15,606	July 2021
Mezzanine Loan	—	280,000	34,600	—	August 2022
Mortgage/Mezzanine Loan(13)	—	—	—	29,998	
Mezzanine Loan(14)	—	—	—	64,505	
Mezzanine Loan(15)	—	—	—	15,369	
Mortgage/Mezzanine Loan(6)	—	—	—	32,847	
Mortgage/Mezzanine Loan(6)	—	—	—	22,959	
Mezzanine Loan(16)	—	—	—	14,957	
Mortgage/Mezzanine Loan(17)	—	—	—	145,239	
Total floating rate	$231,924	$3,523,762	$1,334,250	$1,232,178	
Total	$231,924	$7,140,238	$1,969,618	$1,592,537	

(1) Carrying value is net of discounts, premiums, original issue discounts and deferred origination fees.

(2) Represents contractual maturity, excluding any unexercised extension options.

(3) These loans were purchased at par in April and May 2017 and were in maturity default at the time of acquisition. At the time the loans were purchased, the Company expected to collect all contractually required payments, including interest. In August 2017, the Company determined that it was probable that the loans would not be repaid in full and therefore, the loans were put on non-accrual status. No impairment was recorded as the Company believes that the fair value of the property exceeds the carrying amount of the loans. The loans had an outstanding balance, including accrued interest, of $259.3 million at the time that they were put on non-accrual status.

(4) In September 2014, we acquired a $26.4 million mortgage loan at a $0.2 million discount and a $5.7 million junior mortgage participation at a $5.7 million discount. The junior mortgage participation was a nonperforming loan at acquisition, is currently on non-accrual status and has no carrying value.

(5) Carrying value is net of the following amounts that were sold or syndicated, which are included in other assets and other liabilities on the consolidated balance sheets as a result of the transfers not meeting the conditions for sale accounting: (a) $1.2 million, (b) $12.0 million, (c) $5.1 million (d) $14.6 million, (e) $14.1 million, and (f) $21.2 million.

(6) This loan was repaid in June 2017.

(7) This loan was repaid in March 2017.

(8) This loan was extended in December 2017.

(9) This loan was extended in August 2017.

(10) This loan was extended in September 2017.

(11) $66.1 million of outstanding principal was syndicated in February 2017.

(12) This loan was extended in November 2017.

(13) This loan was repaid in December 2017.

(14) This loan was repaid in November 2017.

(15) This loan was repaid in September 2017.

(16) This loan was contributed to a joint venture in May 2017.

(17) This loan was repaid in January 2017.

Preferred Equity Investments

As of December 31, 2017 and 2016, we held the following preferred equity investments with an aggregate weighted average current yield of 6.99% at December 31, 2017 (in thousands):

	December 31,				
Type	2017 Future Funding Obligations	2017 Senior Financing	2017 Carrying Value(1)	2016 Carrying Value(1)	Mandatory Redemption(2)
Preferred Equity(3)	$—	$272,000	$144,423	$ —	April 2021
Preferred Equity(4)	—	—	—	9,982	
Preferred Equity(5)	—	—	—	37,893	
	$—	$272,000	$144,423	$47,875	

(1) Carrying value is net of deferred origination fees.

(2) Represents contractual maturity, excluding any unexercised extension options.

(3) In February 2016, we closed on the sale of 885 Third Avenue and retained a preferred equity position in the property. The sale did not meet the criteria for sale accounting under the full accrual method in ASC 360-20, Property, Plant and Equipment—Real Estate Sales. As a result the property remained on our consolidated balance sheet until the criteria was met in April 2017 at which time the property was deconsolidated and the preferred equity investment was recognized.

(4) This investment was redeemed in May 2017.

(5) This investment was redeemed in April 2017.

The following table is a rollforward of our total loan loss reserves at December 31, 2017, 2016 and 2015 (in thousands):

	December 31,		
	2017	2016	2015
Balance at beginning of year	$—	$—	$—
Expensed	—	—	—
Recoveries	—	—	—
Charge-offs and reclassifications	—	—	—
Balance at end of period	$—	$—	$—

At December 31, 2017, 2016 and 2015, all debt and preferred equity investments were performing in accordance with the terms of the relevant investments, with the exception of a mortgage and junior mortgage participation purchased in maturity default in May 2017 and April 2017, respectively, as discussed in subnote 3 of the Debt Investments table above and a junior mortgage participation acquired in September 2014, which was acquired for zero and has a carrying value of zero, as discussed in subnote 4 of the Debt Investments table above.

We have determined that we have one portfolio segment of financing receivables at December 31, 2017 and 2016 comprising commercial real estate which is primarily recorded in debt and preferred equity investments. Included in other assets is an additional amount of financing receivables totaling $65.5 million and $99.5 million at December 31, 2017 and 2016, respectively.

No financing receivables were 90 days past due at December 31, 2017, with the exception of a mortgage and junior mortgage participation purchased in maturity default in May 2017 and April 2017, respectively, as discussed in subnote 3 of the Debt Investments table above.

6. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

We have investments in several real estate joint ventures with various partners. As of December 31, 2017, 800 Third Avenue, 21 East 66th Street, 605 West 42nd Street, 333 East 22nd Street, One Vanderbilt and certain properties within the Stonehenge Portfolio are VIEs in which we are not the primary beneficiary. Our net equity investment in these VIEs was $606.2 million as of December 31, 2017. As of December 31, 2016, 650 Fifth Avenue, 800 Third Avenue, 21 East 66th Street, 605 West 42nd Street, 333 East 22nd Street, and certain properties within the Stonehenge Portfolio were VIEs in which we were not the primary beneficiary. Our net equity investment in these VIEs was $220.1 million as of December 31, 2016. Our maximum loss is limited to the amount of our equity investment in these VIEs. See the "Principles of Consolidation" section of Note 2, "Significant Accounting Policies". All other investments below are voting interest entities. As we do not control the joint ventures listed below, we account for them under the equity method of accounting.

The table below provides general information on each of our joint ventures as of December 31, 2017:

Property	Partner	Ownership Interest(1)	Economic Interest(1)	Unaudited Approximate Square Feet	Acquisition Date(2)	Acquisition Price(2) (in thousands)
100 Park Avenue	Prudential Real Estate Investors	49.90%	49.90%	834,000	February 2000	$ 95,800
717 Fifth Avenue	Jeff Sutton/Private Investor	10.92%	10.92%	119,500	September 2006	251,900
800 Third Avenue	Private Investors	60.52%	60.52%	526,000	December 2006	285,000
1745 Broadway	Ivanhoe Cambridge, Inc.	56.87%	56.87%	674,000	April 2007	520,000
Jericho Plaza(3)	Onyx Equities/Credit Suisse	11.67%	11.67%	640,000	April 2007	210,000
11 West 34th Street	Private Investor/Jeff Sutton	30.00%	30.00%	17,150	December 2010	10,800
3 Columbus Circle(4)	The Moinian Group	48.90%	48.90%	741,500	January 2011	500,000
280 Park Avenue	Vornado Realty Trust	50.00%	50.00%	1,219,158	March 2011	400,000
1552-1560 Broadway(5)	Jeff Sutton	50.00%	50.00%	57,718	August 2011	136,550
724 Fifth Avenue	Jeff Sutton	50.00%	50.00%	65,010	January 2012	223,000
10 East 53rd Street	Canadian Pension Plan Investment Board	55.00%	55.00%	354,300	February 2012	252,500
521 Fifth Avenue	Plaza Global Real Estate Partners LP	50.50%	50.50%	460,000	November 2012	315,000
21 East 66th Street(6)	Private Investors	32.28%	32.28%	13,069	December 2012	75,000
650 Fifth Avenue(7)	Jeff Sutton	50.00%	50.00%	69,214	November 2013	—
121 Greene Street	Jeff Sutton	50.00%	50.00%	7,131	September 2014	27,400
175-225 Third Street Brooklyn, New York	KCLW 3rd Street LLC/LIVWRK LLC	95.00%	95.00%	—	October 2014	74,600
55 West 46th Street	Prudential Real Estate Investors	25.00%	25.00%	347,000	November 2014	295,000
Stonehenge Portfolio(8)	Various	Various	Various	1,439,016	February 2015	36,668
131-137 Spring Street	Invesco Real Estate	20.00%	20.00%	68,342	August 2015	277,750
605 West 42nd Street	The Moinian Group	20.00%	20.00%	927,358	April 2016	759,000
11 Madison Avenue	PGIM Real Estate	60.00%	60.00%	2,314,000	August 2016	2,605,000
333 East 22nd Street(9)	Private Investors	33.33%	33.33%	26,926	August 2016	—
400 E 57th Street(10)	BlackRock, Inc and Stonehenge Partners	51.00%	41.00%	290,482	October 2016	170,000
One Vanderbilt(11)	National Pension Service of Korea/ Hines Interest LP	71.01%	71.01%	—	January 2017	3,310,000
Mezzanine Loan(12)	Private Investors	33.33%	33.33%	—	May 2017	15,000
Worldwide Plaza(13)	RXR Realty / New York REIT / Private Investor	24.35%	24.35%	2,048,725	October 2017	1,725,000
1515 Broadway(14)	Allianz Real Estate of America	69.87%	69.87%	1,750,000	November 2017	1,950,000

(1) Ownership interest and economic interest represent the Company's interests in the joint venture as of December 31, 2017. Changes in ownership or economic interests within the current year are disclosed in the notes below.

(2) Acquisition date and price represent the date on which the Company initially acquired an interest in the joint venture and the actual or implied gross purchase price for the joint venture on that date. Acquisition date and price are not adjusted for subsequent acquisitions or dispositions of interest.

(3) During the fourth quarter of 2017, the Company recorded a $6.6 million charge in connection with this investment. This charge is included in depreciable real estate reserves in the consolidated statement of operations.

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

(5) The purchase price represents only the purchase of the 1552 Broadway interest which comprised approximately 13,045 square feet. The joint venture also owns a long-term leasehold interest in the retail space and certain other spaces at 1560 Broadway, which is adjacent to 1552 Broadway.

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

(7) The joint venture owns a long-term leasehold interest in the retail space at 650 Fifth Avenue. In connection with the ground lease obligation, SLG provided a performance guaranty and our joint venture partner executed a contribution agreement to reflect its pro rata obligation. In the event the property is converted into a condominium unit and the landlord elects the purchase option, the joint venture shall be obligated to acquire the unit at the then fair value.

(8) In March 2017, the Company sold a partial interest in the Stonehenge Portfolio as further described under Sale of Joint Venture Interest of Properties below. In February 2018, the Company, together with its joint venture partner, closed on the sale of one property from the Stonehenge Portfolio.

(9) The joint venture acquired a leasehold interest in the property in October 2016.

(10) In October 2016, the Company sold a 49% interest in this property to an investment account managed BlackRock, Inc. The Company's interest in the property was sold within a consolidated joint venture owned 90% by the Company and 10% by Stonehenge. The transaction resulted in the deconsolidation of the venture's remaining 51% interest in the property. The Company's joint venture with Stonehenge remains consolidated resulting in the combined 51% interest being shown within investments in unconsolidated joint ventures on the Company's balance sheet.

(11) In January 2017, the Company admitted two partners, National Pension Service of Korea and Hines Interest LP, into the One Vanderbilt development project. In April 2017, the criteria for deconsolidation were met, and the development is shown within investments in unconsolidated joint ventures. The partners have committed aggregate equity to the project totaling no less than $525 million and their ownership interest in the joint venture is based on their capital contributions, up to an aggregate maximum of 29.0%. At December 31, 2017 the total of the two partners' ownership interests based on equity contributed was 3.48%.

(12) In May 2017, the Company contributed a mezzanine loan secured by a commercial property in midtown Manhattan to a joint venture and retained a 33.33% interest in the venture. The carrying value is net of $10.0 million that was sold, which is included in other assets and other liabilities on the consolidated balance sheets as a result of the transfers not meeting the conditions for sale accounting. The loan matures in November 2018.

(13) In September 2017, the Company and RXR Realty formed a joint venture in which each partner owns a 50% interest. In October 2017, this joint venture purchased a 48.7% interest in the property known as Worldwide Plaza from New York REIT. New York REIT owns the remaining 51.3% with its existing partner.

(14) In November 2017, the Company sold a 30.13% interest in 1515 Broadway to affiliates of Allianz Real Estate. The sale did not meet the criteria for sale accounting and as a result the property was accounted for under the profit sharing method at December 31, 2017. Under the profit sharing method the Company recognized its share of the operations of the property and also recognized the other partner's share of depreciation. Included in equity in net income from unconsolidated joint ventures is $0.9 million of depreciation for the year ended December 31, 2017 representing the other partner's share of depreciation. The Company achieved sale accounting upon adoption of ASC 610-20 in January 2018 and closed on the sale of an additional 12.87% interest in the property to Allianz in February 2018.

Acquisition, Development and Construction Arrangements

Based on the characteristics of the following arrangements, which are similar to those of an investment, combined with the expected residual profit of not greater than 50%, we have accounted for these debt and preferred equity investments under the equity method. As of December 31, 2017 and 2016, the carrying value for acquisition, development and construction arrangements were as follows (in thousands):

	December 31,		
Loan Type	**2017**	**2016**	**Maturity Date**
Mezzanine Loan and Preferred Equity	**$100,000**	$100,000	March 2018
Mezzanine Loan(1)	**44,823**	45,622	February 2022
Mezzanine Loan(2)	**26,716**	24,542	July 2036
	$171,539	$170,164	

(1) We have an option to convert our loan to an equity interest subject to certain conditions. We have determined that our option to convert the loan to equity is not a derivative financial instrument pursuant to GAAP.

(2) The Company has the ability to convert this loan into an equity position starting in 2021 and the borrower is able to force this conversion in 2024.

Sale of Joint Venture Interests or Properties

The following table summarizes the investments in unconsolidated joint ventures sold during the years ended December 31, 2017, 2016, and 2015:

Property	**Ownership Interest**	**Disposition Date**	**Type of Sale**	**Gross Asset Valuation** (in thousands)(1)	**Gain (Loss) on Sale** (in thousands)(2)
102 Greene Street	10.00%	September 2017	Ownership Interest	$ 43,500	$ 283
Stonehenge Portfolio (partial)	Various	March 2017	Ownership Interest	300,000	871
EOP Denver	0.48%	September 2016	Ownership Interest	180,700	300
33 Beekman(3)	45.90%	May 2016	Property	196,000	33,000
EOP Denver	4.79%	March 2016	Ownership Interest	180,700	2,800
7 Renaissance Square	50.00%	March 2016	Property	20,700	4,200
1 Jericho Plaza(4)	66.11%	February 2016	Ownership Interest	95,200	3,300
The Meadows	50.00%	August 2015	Property	121,100	(1,600)
315 West 36th Street	35.50%	September 2015	Ownership Interest	115,000	16,300

(1) Represents implied gross valuation for the joint venture or sales price of the property.

(2) Represents the Company's share of the gain or loss. The gain on sale is net of $0, $1.1 million, and $1.2 million of employee compensation accrued in connection with the realization of these investment gains in the years ended December 31, 2017, 2016, and 2015, respectively. Additionally, amounts do not include adjustments for expenses recorded in subsequent periods.

(3) In connection with the sale of the property, we also recognized a promote of $10.8 million.

(4) Our ownership percentage was reduced in the first quarter of 2016, from 77.78% to 11.67%, upon completion of a restructuring of the joint venture.

In May 2017, our investment in a joint venture that owned two mezzanine notes secured by interests in the entity that owns 76 11th Avenue was repaid after the joint venture received repayment of the underlying loans.

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

Joint Venture Mortgages and Other Loans Payable

We generally finance our joint ventures with non-recourse debt. In certain cases we have provided guarantees or master leases for tenant space, which terminate upon the satisfaction of specified circumstances or repayment of the underlying loans. The first mortgage notes and other loans payable collateralized by the respective joint venture properties and assignment of leases at December 31, 2017 and 2016, respectively, are as follows (amounts in thousands):

				December 31,	
Property	**Economic Interest(1)**	**Maturity Date**	**Interest Rate(2)**	**2017**	**2016**
Fixed Rate Debt:					
521 Fifth Avenue	50.50%	November 2019	3.73%	**$ 170,000**	$ 170,000
717 Fifth Avenue(3)	10.92%	July 2022	4.45%	**300,000**	300,000
717 Fifth Avenue(3)	10.92%	July 2022	5.50%	**355,328**	355,328
650 Fifth Avenue(4)	50.00%	October 2022	4.46%	**210,000**	—
650 Fifth Avenue(4)	50.00%	October 2022	5.45%	**65,000**	—
21 East 66th Street	32.28%	April 2023	3.60%	**12,000**	12,000
3 Columbus Circle	48.90%	March 2025	3.61%	**350,000**	350,000
1515 Broadway	69.87%	March 2025	3.93%	**872,528**	—
11 Madison Avenue	60.00%	September 2025	3.84%	**1,400,000**	1,400,000
800 Third Avenue	60.52%	February 2026	3.37%	**177,000**	177,000
400 East 57th Street	41.00%	November 2026	3.00%	**100,000**	100,000
Worldwide Plaza	24.35%	November 2027	3.98%	**1,200,000**	—
Stonehenge Portfolio(5)	Various	Various	4.17%	**357,282**	362,518
1745 Broadway(6)				**—**	340,000
Total fixed rate debt				**$5,569,138**	$3,566,846
Floating Rate Debt:					
Jericho Plaza(7)	11.67%	March 2018	L+ 4.15%	**$ 81,099**	$ 76,993
724 Fifth Avenue	50.00%	April 2018	L+ 2.42%	**275,000**	275,000
175-225 Third Street Brooklyn, New York	95.00%	June 2018	Prime+ 1.00%	**40,000**	40,000
280 Park Avenue	50.00%	September 2019	L+ 1.73%	**1,200,000**	900,000
121 Greene Street	50.00%	November 2019	L+ 1.50%	**15,000**	15,000
1745 Broadway(8)	56.87%	January 2020	L+ 1.85%	**345,000**	—
10 East 53rd Street	55.00%	February 2020	L+ 2.25%	**170,000**	125,000
131-137 Spring Street	20.00%	August 2020	L+ 1.55%	**141,000**	141,000
1552 Broadway	50.00%	October 2020	L+ 2.65%	**195,000**	185,410
55 West 46th Street(9)	25.00%	November 2020	L+ 2.13%	**171,444**	157,322
11 West 34th Street	30.00%	January 2021	L+ 1.45%	**23,000**	23,000
100 Park Avenue	49.90%	February 2021	L+ 1.75%	**360,000**	360,000
One Vanderbilt(10)	71.01%	September 2021	L+ 3.50%	**355,535**	—
605 West 42nd Street	20.00%	August 2027	L+ 1.44%	**550,000**	539,000
21 East 66th Street	32.28%	June 2033	1 Year Treasury+ 2.75%	**1,648**	1,726
Stonehenge Portfolio	Various	April 2018	L+ 1.25%	**55,340**	65,577
650 Fifth Avenue(11)				**—**	77,500
Total floating rate debt				**$3,979,066**	$2,982,528
Total joint venture mortgages and other loans payable				**$9,548,204**	$6,549,374
Deferred financing costs, net				**(136,103)**	(95,408)
Total joint venture mortgages and other loans payable, net				**$9,412,101**	$6,453,966

(1) Economic interest represents the Company's interests in the joint venture as of December 31, 2017. Changes in ownership or economic interests, if any, within the current year are disclosed in the notes to the investment in unconsolidated joint ventures note above.

(2) Interest rate as of December 31, 2017, taking into account interest rate hedges in effect during the period. Floating rate debt is presented with the stated interest rate spread over 30-day LIBOR, unless otherwise specified.

(3) These loans are comprised of a $300.0 million fixed rate mortgage loan and $355.3 million mezzanine loan. The mezzanine loan is subject to accretion based on the difference between contractual interest rate and contractual pay rate.

(4) In November 2017, we closed on a $65.0 million mezzanine loan with a fixed interest rate of 545 basis points and a maturity date of October 2022. As a result, the $225.0 million mortgage loan was reduced to $210.0 million with a fixed interest rate of 446 basis points. These loans are now comprised of a $210.0 million fixed rate mortgage loan and $65.0 million fixed rate mezzanine loan.

(5) Amount is comprised of $33.8 million, $137.1 million, $171.6 million, and $14.8 million in fixed-rate mortgages that mature in January 2018, August 2019, June 2024, and February 2027, respectively. In January 2018, the fixed-rate mortgage set to mature in January 2018 was refinanced with a $38.0 million mortgage loan with a floating interest rate of 140 basis points over 30-day LIBOR and a maturity date of January 2021.

(6) In January 2017, this loan was refinanced with a floating rate loan as shown above.

(7) The property secures a two year $100.0 million loan, of which $81.1 million is currently outstanding.

(8) This loan has a committed amount of $375.0 million, of which $30.0 million was unfunded as of December 31, 2017.

(9) This loan has a committed amount of $195.0 million, of which $23.6 million was unfunded as of December 31, 2017.

(10) This loan is a $1.5 billion construction facility in connection with the development of One Vanderbilt. This facility bears interest at 350 basis points over 30-day LIBOR, with reductions based on meeting certain conditions, and has an initial five-year term with two one-year extension options. Advances under the loan are subject to incurred costs, funded equity, loan to value thresholds, and entering into construction contracts.

(11) In September 2017, this loan was refinanced with a fixed rate loan as shown above.

We act as the operating partner and day-to-day manager for all our joint ventures, except for Worldwide Plaza, 800 Third Avenue, Jericho Plaza, 280 Park Avenue, 3 Columbus Circle, 21 East 66th Street, 175-225 Third Street, 605 West 42nd Street, 400 East 57th Street, and the Stonehenge Portfolio. We are entitled to receive fees for providing management, leasing, construction supervision and asset management services to certain of our joint ventures. We earned $22.6 million, $4.0 million and $3.4 million from these services, net of our ownership share of the joint ventures, for the years ended December 31, 2017, 2016, and 2015, respectively. In addition, we have the ability to earn incentive fees based on the ultimate financial performance of certain of the joint venture properties.

The combined balance sheets for the unconsolidated joint ventures, at December 31, 2017 and 2016, are as follows (in thousands):

	December 31,	
	2017	**2016**
Assets		
Commercial real estate property, net	**$12,822,133**	$ 9,131,717
Cash and restricted cash	**494,909**	328,455
Tenant and other receivables, related party receivables, and deferred rents receivable, net of allowance	**349,944**	232,778
Debt and preferred equity investments, net	**202,539**	336,164
Other assets	**1,407,806**	683,481
Total assets	**$15,277,331**	$10,712,595
Liabilities and members' equity		
Mortgages and other loans payable, net	**$ 9,412,101**	$ 6,453,966
Deferred revenue/gain	**985,648**	356,414
Other liabilities	**411,053**	391,500
Members' equity	**4,468,529**	3,510,715
Total liabilities and members' equity	**$15,277,331**	$10,712,595
Company's investments in unconsolidated joint ventures	**$ 2,362,989**	$ 1,890,186

The combined statements of operations for the unconsolidated joint ventures, from acquisition date through the years ended December 31, 2017, 2016, and 2015 are as follows (in thousands):

	Year Ended December 31,		
	2017	**2016**	**2015**
Total revenues	**$904,230**	$712,689	$576,845
Operating expenses	**157,610**	126,913	106,613
Ground rent	**16,794**	14,924	14,083
Real estate taxes	**142,774**	111,673	89,734
Interest expense, net of interest income	**250,063**	197,741	199,126
Amortization of deferred financing costs	**23,026**	24,829	13,394
Transaction related costs	**146**	5,566	615
Depreciation and amortization	**279,419**	199,011	149,023
Total expenses	**$869,832**	$680,657	$572,588
Loss on early extinguishment of debt	**(7,899)**	(1,606)	(1,089)
Net income before gain on sale	**$ 26,499**	$ 30,426	$ 3,168
Company's equity in net income from unconsolidated joint ventures	**$ 21,892**	$ 11,874	$ 13,028

7. DEFERRED COSTS

Deferred costs at December 31, 2017 and 2016 consisted of the following (in thousands):

	December 31,	
	2017	**2016**
Deferred leasing costs	**$ 443,341**	$ 468,971
Less: accumulated amortization	**(217,140)**	(201,371)
Deferred costs, net	**$ 226,201**	$ 267,600

8. MORTGAGES AND OTHER LOANS PAYABLE

The first mortgages and other loans payable collateralized by the respective properties and assignment of leases or debt investments at December 31, 2017 and 2016, respectively, were as follows (amounts in thousands):

Property	Maturity Date	Interest Rate[1]	December 31, 2017	December 31, 2016
Fixed Rate Debt:				
Unsecured Loan	June 2018	4.81%	**$ 16,000**	$ 16,000
One Madison Avenue	May 2020	5.91%	**486,153**	517,806
762 Madison Avenue	February 2022	5.00%	**771**	7,694
100 Church Street	July 2022	4.68%	**217,273**	221,446
919 Third Avenue[2]	June 2023	5.12%	**500,000**	500,000
420 Lexington Avenue	October 2024	3.99%	**300,000**	300,000
400 East 58th Street[3]	November 2026	3.00%	**40,000**	40,000
Landmark Square	January 2027	4.90%	**100,000**	100,000
485 Lexington Avenue	February 2027	4.25%	**450,000**	450,000
1080 Amsterdam[4]	February 2027	3.58%	**36,363**	—
315 West 33rd Street	February 2027	4.17%	**250,000**	—
Series J Preferred Units[5]	April 2051	3.75%	**4,000**	4,000
1515 Broadway[6]			—	888,531
885 Third Avenue[7]			—	267,650
FHLBNY Facility[8]			—	105,000
FHLBNY Facility[8]			—	100,000
Total fixed rate debt			**$2,400,560**	$3,518,127
Floating Rate Debt:				
719 Seventh Avenue[9]	February 2018	L+ 3.05%	**$41,622**	$ 37,388
183, 187 Broadway & 5-7 Dey Street	May 2018	L+ 2.70%	**58,000**	58,000
2017 Master Repurchase Agreement	June 2018	L+ 2.38%	**90,809**	—
220 East 42nd Street	October 2020	L+ 1.60%	**275,000**	275,000
2016 Master Repurchase Agreement[10]			—	184,642
One Vanderbilt Avenue[11]			—	64,030
1080 Amsterdam[12]			—	3,525
Total floating rate debt			**$ 465,431**	$ 622,585
Total fixed rate and floating rate debt			**$2,865,991**	$4,140,712
Mortgages reclassed to liabilities related to assets held for sale			—	—
Total mortgages and other loans payable			**$2,865,991**	$4,140,712
Deferred financing costs, net of amortization			**(28,709)**	(66,882)
Total mortgages and other loans payable, net			**$2,837,282**	$4,073,830

(1) Interest rate as of December 31, 2017, taking into account interest rate hedges in effect during the period. Floating rate debt is presented with the stated interest rate spread over 30-day LIBOR, unless otherwise specified.

(2) We own a 51.0% controlling interest in the consolidated joint venture that is the borrower on this loan. In January 2018, the partnership agreement for our investment in the property at 919 Third Avenue was modified resulting in our partner now having substantive participating rights in the venture. As a result the investment will no longer be deemed a VIE and our investment in the property will be deconsolidated as of January 1, 2018.

(3) The loan carries a fixed interest rate of 300 basis points for the first five years and is prepayable without penalty at the end of year five.

(4) The loan is comprised of a $35.5 million mortgage loan and $0.9 million subordinate loan with a fixed interest rate of 350 basis points and 700 basis points, respectively, for the first five years and is prepayable without penalty at the end of year five.

(5) In connection with the acquisition of a commercial real estate property, the Operating Partnership issued $4.0 million, 3.75% Series J Preferred Units of limited partnership interest, or the Series J Preferred Units, with a mandatory liquidation preference of $1,000 per unit. The Series J Preferred Units are accounted for as debt because they can be redeemed in cash by the Operating Partnership on the earlier of (i) the date of the sale of the property or (ii) April 30, 2051 or at the option of the unitholders as provided for in the related agreement.

(6) In November 2017, the Company sold a 30.13% interest in 1515 Broadway to affiliates of Allianz Real Estate. The sale did not meet the criteria for sale accounting and as a result the property was accounted for under the profit sharing method. This property is presented as an unconsolidated joint venture as of December 31, 2017. The Company achieved sale accounting upon adoption of ASC 610-20 in January 2018 and closed on the sale of an additional 12.87% interest in the property to Allianz in February 2018.

(7) In February 2016, we closed on the sale of 885 Third Avenue. The sale did not meet the criteria for sale accounting at that time. In April 2017, the mortgage was refinanced by the buyer, resulting in the Company deconsolidating the property from its financial statements in the second quarter of 2017.

(8) The facility was repaid in January 2017.

(9) In January 2018, we exercised an one year extension option to extend the maturity date to February 2019.

(10) The master repurchase agreement was repaid in October 2017.

(11) In September 2016, we closed on a $1.5 billion construction facility in connection with the development of One Vanderbilt Avenue. In January 2017, we admitted two partners, National Pension Service of Korea and Hines Interest LP, into the One Vanderbilt Avenue development project. In April 2017, the criteria for deconsolidation were met, and the development is shown within investments in unconsolidated joint ventures. See Note 6, "Investments in Unconsolidated Joint Ventures".

(12) In January 2017, this loan was refinanced with a fixed rate loan as shown above.

At December 31, 2017 and 2016, the gross book value of the properties and debt and preferred equity investments collateralizing the mortgages and other loans payable, not including assets held for sale, was approximately $4.8 billion and $6.0 billion, respectively.

Federal Home Loan Bank of New York Facility

The Company's wholly-owned subsidiary, Belmont Insurance Company, or Belmont, a New York licensed captive insurance company, was a member of the Federal Home Loan Bank of New York, or FHLBNY. In January 2017, all funds borrowed from the FHLBNY were repaid and Belmont's membership was terminated in February 2017.

Master Repurchase Agreements

The Company has entered into two Master Repurchase Agreements, or MRAs, known as the 2016 MRA and 2017 MRA, which provide us with the ability to sell certain debt investments with a simultaneous agreement to repurchase the same at a certain date or on demand. We seek to mitigate risks associated with our repurchase agreement by managing the credit quality of our assets, early repayments, interest rate volatility, liquidity, and market value. The margin call provisions under our repurchase facilities permit valuation adjustments based on capital markets activity, and are not limited to collateral-specific credit marks. To monitor credit risk associated with our debt investments, our asset management team regularly reviews our investment portfolio and is in contact with our borrowers in order to monitor the collateral and enforce our rights as necessary. The risk associated with potential margin calls is further mitigated by our ability to recollateralize the facility with additional assets from our portfolio of debt investments, our ability to satisfy margin calls with cash or cash equivalents and our access to additional liquidity through the 2017 credit facility, as defined below.

In June 2017, we entered into the 2017 MRA, with a maximum facility capacity of $300.0 million. The facility bears interest on a floating rate basis at a spread to 30-day LIBOR based on the pledged collateral and advance rate and has an initial one year term, with two one year extension options. At December 31, 2017, the facility had a carrying value of $90.1 million, net of deferred financing costs.

In July 2016, we entered into a restated 2016 MRA, with a maximum facility capacity of $300.0 million. The facility bears interest ranging from 225 and 400 basis points over 30-day LIBOR depending on the pledged collateral and has an initial two-year term, with a one year extension option. Since December 6, 2015, we have been required to pay monthly in arrears a 25 basis point fee on the excess of $150.0 million over the average daily balance during the period when the average daily balance is less than $150.0 million. At December 31, 2017, the facility had a carrying value of $(1.2) million, representing deferred financing costs presented within other liabilities.

9. CORPORATE INDEBTEDNESS

2017 Credit Facility

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

As of December 31, 2017, the 2017 credit facility bore interest at a spread over 30-day LIBOR ranging from (i) 82.5 basis points to 155 basis points for loans under the revolving credit facility, (ii) 90 basis points to 175 basis points for loans under Term Loan A, and (iii) 150 basis points to 245 basis points for loans under Term Loan B, in each case based on the credit rating assigned to the senior unsecured long term indebtedness of the Company.

At December 31, 2017, the applicable spread was 100 basis points for the revolving credit facility, 110 basis points for Term Loan A, and 165 basis points for Term Loan B. We are required to pay quarterly in arrears a 12.5 to 30 basis point facility fee on the total commitments under the revolving credit facility based on the credit rating assigned to the senior unsecured long term indebtedness of the Company. As of December 31, 2017, the facility fee was 20 basis points.

As of December 31, 2017, we had $11.8 million of outstanding letters of credit, $40.0 million drawn under the revolving credit facility and $1.5 billion outstanding under the term loan facilities, with total undrawn capacity of $1.4 billion under the 2017 credit facility. At December 31, 2017 and December 31, 2016, the revolving credit facility had a carrying value of $30.3 million and $(6.3) million, respectively, net of deferred financing costs. The December 31, 2016 carrying value represents deferred financing costs and is presented within other liabilities. At December 31, 2017 and December 31, 2016, the term loan facilities had a carrying value of $1.5 billion and $1.2 billion, respectively, net of deferred financing costs.

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

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

Senior Unsecured Notes

The following table sets forth our senior unsecured notes and other related disclosures as of December 31, 2017 and 2016, respectively, by scheduled maturity date (dollars in thousands):

	December 31,					
Issuance	2017 Unpaid Principal Balance	2017 Accreted Balance	2016 Accreted Balance	Coupon Rate[1]	Initial Term (in Years)	Maturity Date
August 5, 2011[2]	**$250,000**	**$ 249,953**	$ 249,880	5.00%	7	August 2018
March 16, 2010[2]	**250,000**	**250,000**	250,000	7.75%	10	March 2020
October 5, 2017[3]	**500,000**	**499,489**	—	3.25%	5	October 2022
November 15, 2012[4]	**300,000**	**305,163**	200,000	4.50%	10	December 2022
December 17, 2015[2]	**100,000**	**100,000**	100,000	4.27%	10	December 2025
October 12, 2010[5]	**—**	**—**	334,077			
	$1,400,000	**$1,404,605**	$1,133,957			
Deferred financing costs, net		**(8,666)**	(5,642)			
	$1,400,000	**$1,395,939**	$1,128,315			

(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 the Company, the Operating Partnership and ROP, as co-obligors.

(3) Issued by the Operating Partnership with the Company and ROP as guarantors.

(4) In October 2017, the Company, the Operating Partnership and ROP, as co-obligors, issued an additional $100.0 million of 4.50% senior unsecured notes due December 2022. The notes were priced at 105.334%.

(5) In accordance with the terms of the indenture, the notes became exchangeable commencing September 14, 2017 and the Operating Partnership elected to settle exchanges in cash. In October 2017, all note holders elected to exchange the notes and the notes were repaid for $350.8 million, excluding accrued interest based on the applicable exchange rate.

Restrictive Covenants

The terms of the 2017 credit facility and certain of our senior unsecured notes include certain restrictions and covenants which may limit, among other things, our ability to pay dividends, make certain types of investments, incur additional indebtedness, incur liens and enter into negative pledge agreements and dispose of assets, and which require compliance with financial ratios relating to the maximum ratio of total indebtedness to total asset value, a minimum ratio of EBITDA to fixed charges, a maximum ratio of secured indebtedness to total asset value and a maximum ratio of unsecured indebtedness to unencumbered asset value. The dividend restriction referred to above provides that, we will not during any time when a default is continuing, make distributions with respect to common stock or other equity interests, except to enable the Company to continue to qualify as a REIT for Federal income tax purposes. As of December 31, 2017 and 2016, we were in compliance with all such covenants.

Junior Subordinated Deferrable Interest Debentures

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

Principal Maturities

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

	Scheduled Amortization	Principal	Revolving Credit Facility	Unsecured Term Loans	Trust Preferred Securities	Senior Unsecured Notes	Total	Joint Venture Debt
2018	$ 37,971	$ 206,431	$ —	$ —	$ —	$ 250,000	$ 494,402	$ 200,250
2019	42,289	—	—	—	—	—	42,289	717,682
2020	23,487	679,531	—	—	—	250,000	953,018	473,809
2021	11,656	—	—	—	—	—	11,656	449,740
2022	9,448	198,555	—	—	—	800,000	1,008,003	223,330
Thereafter	16,675	1,639,948	40,000	1,500,000	100,000	100,000	3,396,623	2,119,481
	$141,526	$2,724,465	$40,000	$1,500,000	$100,000	$1,400,000	$5,905,991	$4,184,292

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

	Year Ended December 31,		
	2017	**2016**	**2015**
Interest expense before capitalized interest	**$284,649**	$348,062	$357,926
Interest capitalized	**(26,020)**	(24,067)	(31,108)
Interest income	**(1,584)**	(2,796)	(2,948)
Interest expense, net	**$257,045**	$321,199	$323,870

10. RELATED PARTY TRANSACTIONS

Cleaning/Security/Messenger and Restoration Services

Alliance Building Services, or Alliance, and its affiliates are partially owned by Gary Green, a son of Stephen L. Green, the chairman of our board of directors, and provide services to certain properties owned by us. Alliance's affiliates include First Quality Maintenance, L.P., or First Quality, Classic Security LLC, Bright Star Couriers LLC and Onyx Restoration Works, and provide cleaning, extermination, security, messenger, and restoration services, respectively. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. The Service Corporation has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to certain tenants at certain buildings above the base services specified in their lease agreements.

Income earned from the profit participation, which is included in other income on the consolidated statements of operations, was $3.9 million, $3.5 million and $3.8 million for the years ended December 31, 2017, 2016 and 2015, respectively.

We also recorded expenses, inclusive of capitalized expenses, of $22.6 million, $23.4 million and $21.3 million the years ended December 31, 2017, 2016 and 2015, respectively, for these services (excluding services provided directly to tenants).

Management Fees

S.L. Green Management Corp., a consolidated entity, receives property management fees from an entity in which Stephen L. Green owns an interest. We received management fees from this entity of $0.5 million, $0.7 million and $0.5 million for the years ended December 31, 2017, 2016, and 2015 respectively.

One Vanderbilt Investment

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

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

Other

We are entitled to receive fees for providing management, leasing, construction supervision, and asset management services to certain of our joint ventures as further described in Note 6, "Investments in Unconsolidated Joint Ventures". Amounts due from joint ventures and related parties at December 31, 2017 and 2016 consisted of the following (in thousands):

	December 31,	
	2017	**2016**
Due from joint ventures	**$15,025**	$ 1,240
Other	**8,014**	14,616
Related party receivables	**$23,039**	$15,856

11. NONCONTROLLING INTERESTS ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

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

Common Units of Limited Partnership Interest in the Operating Partnership

As of December 31, 2017 and 2016, the noncontrolling interest unit holders owned 4.58%, or 4,452,979 units, and 4.16%, or 4,363,716 units, of the Operating Partnership, respectively. At December 31, 2017, 4,452,979 shares of our common stock were reserved for issuance upon the redemption of units of limited partnership interest of the Operating Partnership.

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

Below is the rollforward analysis of the activity relating to the noncontrolling interests in the Operating Partnership as of December 31, 2017 and 2016 (in thousands):

	December 31,	
	2017	**2016**
Balance at beginning of period	**$473,882**	$424,206
Distributions	**(14,266)**	(12,671)
Issuance of common units	**25,723**	78,495
Redemption of common units	**(21,574)**	(31,805)
Net income	**3,995**	10,136
Accumulated other comprehensive income allocation	**(94)**	1,299
Fair value adjustment	**(5,712)**	4,222
Balance at end of period	**$461,954**	$473,882

Preferred Units of Limited Partnership Interest in the Operating Partnership

The Operating Partnership has 1,902,000 4.50% Series G Preferred Units of limited partnership interest, or the Series G Preferred Units outstanding, with a liquidation preference of $25.00 per unit, which were issued in January 2012 in conjunction with an acquisition. The Series G Preferred unitholders receive annual dividends of $1.125 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series G Preferred Units are convertible into a number of common units of limited partnership interest in the Operating Partnership equal to (i) the liquidation preference plus accumulated and unpaid distributions on the conversion date divided by (ii) $88.50. The common units of limited partnership interest in the Operating Partnership may be redeemed in exchange for our common stock on a 1-to-1 basis. The Series G Preferred Units also provide the holder with the right to require the Operating Partnership to repurchase the Series G Preferred Units for cash before January 31, 2022.

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

The Operating Partnership has authorized up to 700,000 3.50% Series K Preferred Units of limited partnership interest, or the Series K Preferred Units, with a liquidation preference of $25.00 per unit. In August 2014, the Company issued 563,954 Series K Preferred Units in conjunction with an acquisition. The Series K Preferred unitholders receive annual dividends of $0.875 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series K Preferred Units can be redeemed at any time, at the option of the unitholder, either for cash or are convertible into a number of common units of limited partnership interest in the Operating Partnership equal to (i) the liquidation preference plus accumulated and unpaid distributions on the conversion date divided by (ii) $134.67.

The Operating Partnership has authorized up to 500,000 4.00% Series L Preferred Units of limited partnership interest, or the Series L Preferred Units, with a liquidation preference of $25.00 per unit. In August 2014, the Company issued 378,634 Series L Preferred Units in conjunction with an acquisition. The Series L Preferred unitholders receive annual dividends of $1.00 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series L Preferred Units can be redeemed at any time at par for cash at the option of the unitholder.

The Operating Partnership has authorized up to 1,600,000 3.75% Series M Preferred Units of limited partnership interest, or the Series M Preferred Units, with a liquidation preference of $25.00 per unit. In February 2015, the Company issued 1,600,000 Series M Preferred Units in conjunction with the acquisition of ownership interests in and relating to certain residential and retail real estate properties. The Series M Preferred unitholders receive annual dividends of $0.9375 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series M Preferred Units can be redeemed at any time at par for cash at the option of the unitholder.

The Operating Partnership has authorized up to 552,303 3.00% Series N Preferred Units of limited partnership interest, or the Series N Preferred Units, with a liquidation preference of $25.00 per unit. In June 2015, the Company issued 552,303 Series N Preferred Units in conjunction with an acquisition. The Series N Preferred unitholders receive annual dividends of $0.75 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series N Preferred Units can be redeemed at any time at par for cash at the option of the unitholder.

The Operating Partnership has authorized an aggregate of one 6.25% Series O Preferred Unit of limited partnership interest, or the Series O Preferred Unit. In June 2015, the Company issued the Series O Preferred Unit in connection with an acquisition.

The Operating Partnership has authorized up to 200,000 4.00% Series P Preferred Units of limited partnership interest, or the Series P Preferred Units, with a liquidation preference of $25.00 per unit. In July 2015, the Company issued 200,000 Series P Preferred Units in conjunction with an acquisition. The Series P Preferred unitholders receive annual dividends of $1.00 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series P Preferred Units can be redeemed at any time at par for cash at the option of the unitholder.

The Operating Partnership has authorized up to 268,000 3.50% Series Q Preferred Units of limited partnership interest, or the Series Q Preferred Units, with a liquidation preference of $25.00 per unit. In July 2015, the Company issued 268,000 Series Q Preferred Units in conjunction with an acquisition. The Series Q Preferred unitholders receive annual dividends of $0.875 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series Q Preferred Units can be redeemed at any time, at the option of the unitholder, either for cash or are convertible into a number of common units of limited partnership interest in the Operating Partnership equal to (i) the liquidation preference plus accumulated and unpaid distributions on the conversion date divided by (ii) $148.95.

The Operating Partnership has authorized up to 400,000 3.50% Series R Preferred Units of limited partnership interest, or the Series R Preferred Units, with a liquidation preference of $25.00 per unit. In August 2015, the Company issued 400,000 Series R Preferred Units in conjunction with an acquisition. The Series R Preferred unitholders receive annual dividends of $0.875 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series R Preferred Units can be redeemed at any time, at the option of the unitholder, either for cash or are convertible into a number of common units of limited partnership interest in the Operating Partnership equal to (i) the liquidation preference plus accumulated and unpaid distributions on the conversion date divided by (ii) $154.89.

The Operating Partnership has authorized up to 1,077,280 4.00% Series S Preferred Units of limited partnership interest, or the Series S Preferred Units, with a liquidation preference of $25.00 per unit. In August 2015, the Company issued 1,077,280 Series S Preferred Units in conjunction with an acquisition. The Series S Preferred unitholders receive annual dividends of $1.00 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series S Preferred Units can be redeemed at any time at par for cash at the option of the unitholder.

The Operating Partnership has authorized up to 230,000 2.75% Series T Preferred Units of limited partnership interest, or the Series T Preferred Units, with a liquidation preference of $25.00 per unit. In March 2016, the Company issued 230,000 Series T Preferred Units in conjunction with an acquisition. The Series T Preferred unitholders receive annual dividends of $0.6875 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Series T Preferred Units can be redeemed at any time at par, at the option of the unitholder, either for cash or are convertible into a number of common units of limited partnership interest in the Operating Partnership equal to (i) the liquidation preference plus accumulated and unpaid distributions on the conversion date divided by (ii) $119.02.

The Operating Partnership has authorized up to 680,000 4.50% Series U Preferred Units of limited partnership interest, or the Series U Preferred Units, with a liquidation preference of $25.00 per unit. In March 2016, the Company issued 680,000 Series U Preferred Units in conjunction with an acquisition. The Series U Preferred unitholders initially receive annual dividends of $1.125 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The annual dividend is subject to reduction upon the occurrence of certain circumstances set forth in the terms of the Series U Preferred Units. The minimum annual dividend is $0.75 per unit. The Series U Preferred Units can be redeemed at any time at par for cash at the option of the unitholder.

Through a consolidated subsidiary, we have authorized up to 109,161 3.50% Series A Preferred Units of limited partnership interest, or the Subsidiary Series A Preferred Units, with a liquidation preference of $1,000.00 per unit. In August 2015, the Company issued 109,161 Subsidiary Series A Preferred Units in conjunction with an acquisition. The Subsidiary Series A Preferred unitholders receive annual dividends of $35.00 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Subsidiary Series A Preferred Units can be redeemed at any time, at the option of the unitholder, either for cash or are convertible on a one-for-one basis, into the Series B Preferred Units of limited partnership interest, or the Subsidiary Series B Preferred Units. The Subsidiary Series B Preferred Units can be converted at any time, at the option of the unitholder, into a number of common stock equal to 6.71348 shares of common stock for each Subsidiary Series B Preferred Unit. As of December 31, 2017, no Subsidiary Series B Preferred Units have been issued.

Below is the rollforward analysis of the activity relating to the preferred units in the Operating Partnership as of December 31, 2017 and 2016 (in thousands):

	December 31,	
	2017	**2016**
Balance at beginning of period	**$302,010**	$282,516
Issuance of preferred units	**—**	22,793
Redemption of preferred units	**(275)**	(3,299)
Balance at end of period	**$301,735**	$302,010

12. STOCKHOLDERS' EQUITY OF THE COMPANY

Common Stock

Our authorized capital stock consists of 260,000,000 shares, $0.01 par value per share, consisting of 160,000,000 shares of common stock, $0.01 par value per share, 75,000,000 shares of excess stock, at $0.01 par value per share, and 25,000,000 shares of preferred stock, par value $0.01 per share. As of December 31, 2017, 92,803,299 shares of common stock and no shares of excess stock were issued and outstanding.

Stock Repurchase Program

In August 2016, our board of directors approved a stock repurchase plan under which we can buy up to $1.0 billion of shares of our common stock. In December 2017, our board of directors authorized an increase to the size of this plan by an additional $500 million of our common stock, bringing it to a total of $1.5 billion of shares.

At December 31, 2017 repurchases under the plan were as follows:

Period	**Number of shares purchased**	**Average price paid per share**	**Cumulative number of shares purchased as part of the repurchase plan or programs**	**Maximum approximate dollar value of shares that may yet be purchased under the plan** (in millions)(1)
First quarter 2017	63,812	$103.84	63,812	$1,493.4
Second quarter 2017	2,384,323	$103.40	2,448,135	$1,246.8
Third quarter 2017	951,866	$101.67	3,400,001	$1,150.0
Fourth quarter 2017(2)	4,942,410	$100.76	8,342,411	$ 652.0

(1) Reflective of $1.5 billion plan maximum as of December 31, 2017.

(2) Includes 413,700 shares of common stock repurchased by the Company in December 2017 that were settled in January 2018.

At-The-Market Equity Offering Program

In July 2011, the Company, along with the Operating Partnership, entered into an "at-the-market" equity offering program, or ATM Program, to sell an aggregate of $250.0 million of our common stock. During the year ended December 31, 2015, we sold 25,659 shares of our common stock out of the remaining balance of the ATM Program for aggregate net proceeds of $2.8 million. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 25,659 units of limited partnership interest of the Operating Partnership.

In June 2014, the Company, along with the Operating Partnership, entered into an ATM Program to sell an aggregate of $300.0 million of our common stock. During the year ended December 31, 2015, we sold 895,956 shares of our common stock for aggregate net proceeds of $113.4 million comprising the remaining balance of this ATM Program. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 895,956 units of limited partnership interest of the Operating Partnership.

In March 2015, the Company, along with the Operating Partnership, entered into a new ATM Program to sell an aggregate of $300.0 million of our common stock. The Company did not make any sales of its common stock under an ATM program in the years ended December 31, 2016 and December 31, 2017.

Perpetual Preferred Stock

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

Dividend Reinvestment and Stock Purchase Plan

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

The following table summarizes SL Green common stock issued, and proceeds received from dividend reinvestments and/or stock purchases under the DRSPP for the year ended December 31, 2017, 2016, and 2015, respectively (in thousands):

	Year Ended December 31,		
	2017	**2016**	**2015**
Common Stock Shares Issued	**2,141**	2,687	775,760
Dividend reinvestments/stock purchases under the DRSPP	**$223**	$277	$99,555

Earnings per Share

SL Green's earnings per share for the years ended December 31, 2017, 2016, and 2015 are computed as follows (in thousands):

	Year Ended December 31,		
Numerator	**2017**	**2016**	**2015**
Basic Earnings:			
Income attributable to SL Green common stockholders	**$86,424**	$234,946	$269,132
Effect of Dilutive Securities:			
Redemption of units to common shares	**3,995**	10,136	10,565
Diluted Earnings:			
Income attributable to SL Green common stockholders	**$90,419**	$245,082	$279,697

	Year Ended December 31,		
Denominator	**2017**	**2016**	**2015**
Basic Shares:			
Weighted average common stock outstanding	**98,571**	100,185	99,345
Effect of Dilutive Securities:			
Operating Partnership units redeemable for common shares	**4,556**	4,323	3,899
Stock-based compensation plans	**276**	373	490
Diluted weighted average common stock outstanding	**103,403**	104,881	103,734

SL Green has excluded 1,092,870, 774,782 and 263,991 common stock equivalents from the diluted shares outstanding for the years ended December 31, 2017, 2016, and 2015 respectively, as they were anti-dilutive.

13. PARTNERS' CAPITAL OF THE OPERATING PARTNERSHIP

The Company is the sole general partner of the Operating Partnership and at December 31, 2017 owned 92,803,299 general and limited partnership interests in the Operating Partnership and 9,200,000 Series I Preferred Units. Partnership interests in the Operating Partnership are denominated as "common units of limited partnership interest" (also referred to as "OP Units") or "preferred units of limited partnership interest" (also referred to as "Preferred Units"). All references to OP Units and Preferred Units outstanding exclude such units held by the Company. A holder of an OP Unit may present such OP Unit to the Operating Partnership for redemption at any time (subject to restrictions agreed upon at the issuance of OP Units to particular holders that may restrict such right for a period of time, generally one year from issuance). Upon presentation of an OP Unit for redemption, the Operating Partnership must redeem such OP Unit in exchange for the cash equal to the then value of a share of common stock of the Company, except that the Company may, at its election, in lieu of cash redemption, acquire such OP Unit for one share of common stock. Because the number of shares of common stock outstanding at all times equals the number of OP Units that the Company owns, one share of common stock is generally the economic equivalent of one OP Unit, and the quarterly distribution that may be paid to the holder of an OP Unit equals the quarterly dividend that may be paid to the holder of a share of common stock. Each series of Preferred Units makes a distribution that is set in accordance with an amendment to the partnership agreement of the Operating Partnership. Preferred Units may also be convertible into OP Units at the election of the holder thereof or the Company, subject to the terms of such Preferred Units.

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

Limited Partner Units

As of December 31, 2017, limited partners other than SL Green owned 4.58%, or 4,452,979 common units, of the Operating Partnership.

Preferred Units

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

Earnings per Unit

The Operating Partnership's earnings per unit for the years ended December 31, 2017, 2016, and 2015 respectively are computed as follows (in thousands):

	Year Ended December 31,		
Numerator	**2017**	**2016**	**2015**
Basic and Diluted Earnings: Income attributable to SLGOP common unitholders	**$90,419**	$245,082	$279,697

	Year Ended December 31,		
Denominator	**2017**	**2016**	**2015**
Basic units:			
Weighted average common units outstanding	**103,127**	104,508	103,244
Effect of Dilutive Securities:			
Stock-based compensation plans	**276**	373	490
Diluted weighted average common units outstanding	**103,403**	104,881	103,734

The Operating Partnership has excluded 1,092,870, 774,782, and 263,991 common unit equivalents from the diluted units outstanding for the years ended December 31, 2017, 2016, and 2015 respectively, as they were anti-dilutive.

14. SHARE-BASED COMPENSATION

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

Fourth Amended and Restated 2005 Stock Option and Incentive Plan

The Fourth Amended and Restated 2005 Stock Option and Incentive Plan, or the 2005 Plan, was approved by the Company's board of directors in April2016 and its stockholders in June 2016 at the Company's annual meeting of stockholders. The 2005 Plan authorizes the issuance of stock options, stock appreciation rights, unrestricted and restricted stock, phantom shares, dividend equivalent rights, cash-based awards and other equity-based awards. Subject to adjustments upon certain corporate transactions or events, awards with respect to up to a maximum of 27,030,000 fungible units may be granted under the 2005 Plan. Currently, different types of awards count against the limit on the number of fungible units differently, with (1) full-value awards (i.e., those that deliver the full value of the award upon vesting, such as restricted stock) counting as 3.74 Fungible Units per share subject to such awards, (2) stock options, stock appreciation rights and other awards that do not deliver full value and expire five years from the date of grant counting as 0.73 fungible units per share subject to such awards, and (3) all other awards (e.g., ten-year stock options) counting as 1.0 fungible units per share subject to such awards. Awards granted under the 2005 Plan prior to the approval of the fourth amendment and restatement in June 2016 continue to count against the fungible unit limit based on the ratios that were in effect at the time such awards were granted, which may be different than the current ratios. As a result, depending on the types of awards issued, the 2005 Plan may result in the issuance of more or less than 27,030,000 shares. If a stock option or other award granted under the 2005 Plan expires or terminates, the common stock subject to any portion of the award that expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Shares of our common stock distributed under the 2005 Plan may be treasury shares or authorized but unissued shares. Currently, unless the 2005 Plan has been previously terminated by the Company's board of directors, new awards may be granted under the 2005 Plan until June 2, 2026, which is the tenth anniversary of the date that the 2005 Plan was most recently approved by the Company's stockholders. As of December 31, 2017, 8.3 million fungible units were available for issuance under the 2005 Plan after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units.

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

The fair value of each stock option or LTIP Unit granted is estimated on the date of grant using the Black-Scholes option pricing model based on historical information with the following weighted average assumptions for grants during the years ended December 31, 2017, 2016, and 2015.

	2017	2016	2015
Dividend yield	**2.51%**	2.37%	1.97%
Expected life	**4.4 years**	3.7 years	3.6 years
Risk-free interest rate	**1.73%**	1.57%	1.43%
Expected stock price volatility	**28.10%**	26.76%	32.34%

A summary of the status of the Company's stock options as of December 31, 2017, 2016, and 2015 and changes during the years ended December 31, 2017, 2016, and 2015 are as follows:

	2017		2016		2015	
	Options Outstanding	**Weighted Average Exercise Price**	**Options Outstanding**	**Weighted Average Exercise Price**	**Options Outstanding**	**Weighted Average Exercise Price**
Balance at beginning of year	**$1,737,213**	**$ 98.44**	$1,595,007	$ 95.52	$1,462,726	$ 87.98
Granted	**174,000**	**105.66**	445,100	105.86	389,836	112.54
Exercised	**(292,193)**	**81.07**	(192,875)	76.90	(217,438)	74.69
Lapsed or canceled	**(70,301)**	**121.68**	(110,019)	123.86	(40,117)	98.61
Balance at end of year	**$1,548,719**	**$101.48**	$1,737,213	$ 98.44	$1,595,007	$ 95.52
Options exercisable at end of year	**800,902**	**$ 94.33**	748,617	$ 87.72	589,055	$ 89.85
Weighted average fair value of options granted during the year	**$3,816,652**		$8,363,036		$9,522,613	

All options were granted with strike prices ranging from $20.67 to $137.18. The remaining weighted average contractual life of the options outstanding was 3.6 years and the remaining average contractual life of the options exercisable was 3.1 years.

During the years ended December 31, 2017, 2016, and 2015, we recognized compensation expense for these options of $7.8 million, $8.9 million, and $8.0 million, respectively. As of December 31, 2017, there was $8.6 million of total unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of 1.5 years.

Stock-based Compensation

Effective January 1, 1999, the Company implemented a deferred compensation plan, or the Deferred Plan, where shares issued under the Deferred Plan were granted to certain employees, including our executives and vesting will occur annually upon the completion of a service period or our meeting established financial performance criteria. Annual vesting occurs at rates ranging from 15% to 35% once performance criteria are reached.

A summary of the Company's restricted stock as of December 31, 2017, 2016, and 2015 and charges during the years ended December 31, 2017, 2016, and 2015 are as follows:

	2017	2016	2015
Balance at beginning of year	**3,202,031**	3,137,881	3,000,979
Granted	**96,185**	98,800	143,053
Canceled	**—**	(34,650)	(6,151)
Balance at end of year	**3,298,216**	3,202,031	3,137,881
Vested during the year	**95,736**	83,822	87,081
Compensation expense recorded	**$9,809,749**	$ 7,153,966	$ 7,540,747
Weighted average fair value of restricted stock granted during the year	**$9,905,986**	$10,650,077	$16,061,201

The fair value of restricted stock that vested during the years ended December 31, 2017, 2016, and 2015 was $9.4 million, $7.6 million and $7.4 million, respectively. As of December 31, 2017, there was $21.1 million of total unrecognized compensation cost related to restricted stock, which is expected to be recognized over a weighted average period of 2.2 years.

For the years ended December 31, 2017, 2016, and 2015, $7.2 million, $6.0 million, and $6.5 million, respectively, was capitalized to assets associated with compensation expense related to our long-term compensation plans, restricted stock and stock options.

We granted LTIP Units, which include bonus, time-based and performance based awards, with a fair value of $20.5 million and $34.9 million during the years ended December 31, 2017 and 2016, respectively. The grant date fair value of the LTIP Unit awards was calculated in accordance with ASC 718. A third party consultant determined the fair value of the LTIP Units to have a discount from our common stock price. The discount was calculated by considering the inherent uncertainty that the LTIP Units will reach parity with other common partnership units and the illiquidity due to transfer restrictions. As of December 31, 2017, there was $4.6 million of total unrecognized compensation expense related to the time-based and performance based LTIP Unit awards, which is expected to be recognized over a weighted average period of 1.5 years.

During the years ended December 31, 2017, 2016, and 2015, we recorded compensation expense related to bonus, time-based and performance based LTIP Unit awards of $26.1 million, $26.5 million, and $30.2 million, respectively.

2011 Outperformance Plan

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

The cost of the 2011 Outperformance Plan ($26.7 million, subject to forfeitures) was amortized into earnings through the final vesting period. We recorded no compensation expense during the year ended December 31, 2017, no compensation expense during the year ended December 31, 2016, and compensation expense of $4.5 million during the year ended December 31, 2015, related to the 2011 Outperformance Plan.

2014 Outperformance Plan

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

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

The cost of the 2014 Outperformance Plan ($27.9 million subject to forfeitures), based on the portion of the 2014 Outperformance Plan granted prior to termination, was amortized into earnings through December 31, 2017. We recorded compensation expense of $13.6 million, $8.4 million, and $5.9 million during the years ended December 31, 2017, 2016, and 2015, respectively, related to the 2014 Outperformance Plan.

Deferred Compensation Plan for Directors

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

During the year ended December 31, 2017, 12,727 phantom stock units were earned and 9,509 shares of common stock were issued to our board of directors. We recorded compensation expense of $2.4 million during the year ended December 31, 2017 related to the Deferred Compensation Plan. As of December 31, 2017, there were 99,853 phantom stock units outstanding pursuant to our Non-Employee Director's Deferral Program.

Employee Stock Purchase Plan

In 2007, the Company's board of directors adopted the 2008 Employee Stock Purchase Plan, or ESPP, to encourage our employees to increase their efforts to make our business more successful by providing equity-based incentives to eligible employees. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code, and has been adopted by the board to enable our eligible employees to purchase the Company's shares of common stock through payroll deductions. The ESPP became effective on January 1, 2008 with a maximum of 500,000 shares of the common stock available for issuance, subject to adjustment upon a merger, reorganization, stock split or other similar corporate change. The Company filed a registration statement on Form S-8 with the SEC with respect to the ESPP. The common stock is offered for purchase through a series of successive offering periods. Each offering period will be three months in duration and will begin on the first day of each calendar quarter, with the first offering period having commenced on January 1, 2008. The ESPP provides for eligible employees to purchase the common stock at a purchase price equal to 85% of the lesser of (1) the market value of the common stock on the first day of the offering period or (2) the market value of the common stock on the last day of the offering period. The ESPP was approved by our stockholders at our 2008 annual meeting of stockholders. As of December 31, 2017, 104,597 shares of our common stock had been issued under the ESPP.

15. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following tables set forth the changes in accumulated other comprehensive income (loss) by component as of December 31, 2017, 2016 and 2015 (in thousands):

	Net unrealized gain on derivative instruments(1)	SL Green's share of joint venture net unrealized gain on derivative instruments(2)	Net unrealized gain on marketable securities	Total
Balance at December 31, 2014	$ (9,498)	$ (95)	$ 2,613	$ (6,980)
Other comprehensive loss before reclassifications	(11,143)	(1,714)	(610)	(13,467)
Amounts reclassified from accumulated other comprehensive income	10,481	1,217	—	11,698
Balance at December 31, 2015	(10,160)	(592)	2,003	(8,749)
Other comprehensive income before reclassifications	13,534	1,160	3,517	18,211
Amounts reclassified from accumulated other comprehensive income	9,222	3,453	—	12,675
Balance at December 31, 2016	12,596	4,021	5,520	22,137
Other comprehensive (loss) income before reclassifications	(1,618)	233	(1,348)	(2,733)
Amounts reclassified from accumulated other comprehensive income	1,564	766	(3,130)	(800)
Balance at December 31, 2017	**$ 12,542**	**$ 5,020**	**$ 1,042**	**$ 18,604**

(1) Amount reclassified from accumulated other comprehensive income (loss) is included in interest expense in the respective consolidated statements of operations. As of December 31, 2017 and 2016, the deferred net losses from these terminated hedges, which is included in accumulated other comprehensive loss relating to net unrealized loss on derivative instrument, was $3.2 million and $7.1 million, respectively.

(2) Amount reclassified from accumulated other comprehensive income (loss) is included in equity in net income from unconsolidated joint ventures in the respective consolidated statements of operations.

16. FAIR VALUE MEASUREMENTS

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

The following tables set forth the assets and liabilities that we measure at fair value on a recurring and non-recurring basis by their levels in the fair value hierarchy at December 31, 2017 and 2016 (in thousands):

	December 31, 2017			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Marketable securities	**$28,579**	**$ —**	**$28,579**	**$—**
Interest rate cap and swap agreements (included in other assets)	**$16,692**	**$ —**	**$16,692**	**$—**

	December 31, 2016			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Marketable securities	$ 85,110	$48,315	$ 36,795	$—
Interest rate cap and swap agreements (included in other assets)	$ 21,090	$ —	$ 21,090	$—
Liabilities:				
Interest rate cap and swap agreements (included in accrued interest payable and other liabilities)	$ 1	$ —	$ 1	$—

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

As of December 31, 2017, we held notes receivable totaling $250.0 million, which were purchased at par, and were in maturity default at the time of acquisition. In August 2017, the Company determined that it was probable that the loans would not be repaid in full and therefore, the loans were put on non--accrual status. The loans had an outstanding balance including accrued interest of $259.3 million at the time that they were put on non accrual status. The Company has initiated proceedings to foreclose on the property, and expects to take control of the property unless the buyer is able to repay the principal and interest, including default interest and fees, on the notes receivable in full prior to the completion of the foreclosure process. We believe the collateral value is sufficient to recover the carrying amounts of the notes receivable.

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

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

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

The following table provides the carrying value and fair value of these financial instruments as of December 31, 2017 and December 31, 2016 (in thousands):

	December 31, 2017		December 31, 2016	
	Carrying Value(1)	**Fair Value**	**Carrying Value(1)**	**Fair Value**
Debt and preferred equity investments	**$2,114,041**	(2)	$1,640,412	(2)
Fixed rate debt	**$4,305,165**	**$4,421,866**	$5,452,084	$5,722,494
Variable rate debt	**1,605,431**	**1,612,224**	1,105,585	1,110,110
	$5,910,596	**$6,034,090**	$6,557,669	$6,832,604

(1) Amounts exclude net deferred financing costs.

(2) At December 31, 2017, debt and preferred equity investments had an estimated fair value ranging between $2.1 billion and $2.3 billion. At December 31, 2016, debt and preferred equity investments had an estimated fair value ranging between $1.6 billion and $1.8 billion.

Disclosure about fair value of financial instruments was based on pertinent information available to us as of December 31, 2017 and 2016. Although we are not aware of any factors that would significantly affect the reasonable fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

17. FINANCIAL INSTRUMENTS: DERIVATIVES AND HEDGING

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

The following table summarizes the notional value at inception and fair value of our consolidated derivative financial instruments at December 31, 2017 based on Level 2 information. The notional value is an indication of the extent of our involvement in these instruments at that time, but does not represent exposure to credit, interest rate or market risks (amounts in thousands).

	Notional Value	Strike Rate	Effective Date	Expiration Date	Balance Sheet Location	Fair Value
Interest Rate Swap	$200,000	1.131%	July 2016	July 2023	Other Assets	$10,747
Interest Rate Swap	100,000	1.161%	July 2016	July 2023	Other Assets	5,217
Interest Rate Swap	21,394	12.000%	January 2017	January 2019	Other Assets	167
Interest Rate Cap	137,500	4.000%	September 2017	September 2019	Other Assets	2
Interest Rate Swap	100,000	1.928%	December 2017	November 2020	Other Assets	288
Interest Rate Swap	100,000	1.934%	December 2017	November 2020	Other Assets	271
						$16,692

During the years ended December 31, 2017, 2016, and 2015, we recorded a $0.5 million loss, a $0.5 million gain, and a $0.1 million gain, respectively, on the changes in the fair value, which is included in interest expense in the consolidated statements of operations.

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company either defaults or is capable of being declared in default on any of its indebtedness, then the Company could also be declared in default on its derivative obligations. As of December 31, 2017, the fair value of derivatives in a net liability position including accrued interest but excluding any adjustment for nonperformance risk related to these agreements was zero. As of December 31, 2017, the Company has not posted any collateral related to these agreements and was not in breach of any agreement provisions. If the Company had breached any of these provisions, it could have been required to settle its obligations under the agreements at their aggregate termination value of zero at December 31, 2017.

Gains and losses on terminated hedges are included in accumulated other comprehensive income, and are recognized into earnings over the term of the related mortgage obligation. Over time, the realized and unrealized gains and losses held in accumulated other comprehensive income will be reclassified into earnings as an adjustment to interest expense in the same periods in which the hedged interest payments affect earnings. We estimate that $0.5 million of the current balance held in accumulated other comprehensive income will be reclassified into interest expense and $(0.3) million of the portion related to our share of joint venture accumulated other comprehensive income will be reclassified into equity in net income from unconsolidated joint ventures within the next 12 months.

The following table presents the effect of our derivative financial instruments and our share of our joint ventures' derivative financial instruments that are designated and qualify as hedging instruments on the consolidated statements of operations for the years ended December 31, 2017, 2016, and 2015, respectively (in thousands):

Derivative	Amount of (Loss) Gain Recognized in Other Comprehensive Loss (Effective Portion) Year Ended December 31,			Location of (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income	Amount of Loss Reclassified from Accumulated Offer Comprehensive Loss into Income (Effective Portion) Year Ended December 31,			Location of (Loss) Gain Recognized in Income on Derivative	Amount of (Loss) Gain Recognizedinto Income (Ineffective Portion) Year Ended December 31,		
	2017	**2016**	**2015**		**2017**	**2016**	**2015**		**2017**	**2016**	**2015**
Interest Rate Swaps/Caps	**$(2,282)**	$14,616	$(11,607)	Interest expense	**$1,821**	$ 9,521	$10,892	Interest expense	**$ 5**	$ (28)	$(422)
Share of unconsolidated joint ventures' derivative instruments	**(200)**	2,012	(1,779)	Equity in net income from unconsolidated joint ventures	**1,035**	1,981	1,265	Equity in net income from unconsolidated joint ventures	**55**	785	(19)
	$(2,482)	$16,628	$(13,386)		**$2,856**	$11,502	$12,157		**$60**	$757	$(441)

18. RENTAL INCOME

The Operating Partnership is the lessor and the sublessor to tenants under operating leases with expiration dates ranging from January 1, 2018 to 2064. The minimum rental amounts due under the leases are generally either subject to scheduled fixed increases or adjustments. The leases generally also require that the tenants reimburse us for increases in certain operating costs and real estate taxes above their base year costs. Approximate future minimum rents to be received over the next five years and thereafter for non-cancelable operating leases in effect at December 31, 2017 for the consolidated properties, including consolidated joint venture properties, and our share of unconsolidated joint venture properties are as follows (in thousands):

	Consolidated Properties	Unconsolidated Properties
2018	$ 901,092	$ 433,764
2019	865,254	386,564
2020	790,714	424,201
2021	657,283	426,078
2022	558,993	414,889
Thereafter	3,339,829	3,102,309
	$7,113,165	$5,187,805

19. BENEFIT PLANS

The building employees are covered by multi-employer defined benefit pension plans and post-retirement health and welfare plans. We participate in the Building Service 32BJ, or Union, Pension Plan and Health Plan. The Pension Plan is a multi-employer, non-contributory defined benefit pension plan that was established under the terms of collective bargaining agreements between the Service Employees International Union, Local 32BJ, the Realty Advisory Board on Labor Relations, Inc. and certain other employees. This Pension Plan is administered by a joint board of trustees consisting of union trustees and employer trustees and operates under employer identification number 13-1879376. The Pension Plan year runs from July 1 to June 30. Employers contribute to the Pension Plan at a fixed rate on behalf of each covered employee. Separate actuarial information regarding such pension plans is not made available to the contributing employers by the union administrators or trustees, since the plans do not maintain separate records for each reporting unit. However, on September 28, 2015, and September 28, 2016, and September 28, 2017, the actuary certified that for the plan years beginning July 1, 2015, July 1, 2016, and July 1, 2017, the Pension Plan was in critical status under the Pension Protection Act of 2006. The Pension

Plan trustees adopted a rehabilitation plan consistent with this requirement. No surcharges have been paid to the Pension Plan as of December 31, 2017. For the Pension Plan years ended June 30, 2017, 2016, and 2015, the plan received contributions from employers totaling $257.8 million, $249.5 million, and $221.9 million. Our contributions to the Pension Plan represent less than 5.0% of total contributions to the plan.

The Health Plan was established under the terms of collective bargaining agreements between the Union, the Realty Advisory Board on Labor Relations, Inc. and certain other employees. The Health Plan provides health and other benefits to eligible participants employed in the building service industry who are covered under collective bargaining agreements, or other written agreements, with the Union. The Health Plan is administered by a Board of Trustees with equal representation by the employers and the Union and operates under employer identification number 13-2928869. The Health Plan receives contributions in accordance with collective bargaining agreements or participation agreements. Generally, these agreements provide that the employers contribute to the Health Plan at a fixed rate on behalf of each covered employee. For the Health Plan years ended, June 30, 2017, 2016, and 2015, the plan received contributions from employers totaling $1.3 billion, $1.2 billion and $1.1 billion, respectively. Our contributions to the Health Plan represent less than 5.0% of total contributions to the plan.

Contributions we made to the multi-employer plans for the years ended December 31, 2017, 2016 and 2015 are included in the table below (in thousands):

Benefit Plan	2017	2016	2015
Pension Plan	**$ 3,856**	$ 3,979	$ 2,732
Health Plan	**11,426**	11,530	8,736
Other plans	**1,463**	1,583	5,716
Total plan contributions	**$16,745**	$17,092	$17,184

401(K) Plan

In August 1997, we implemented a 401(K) Savings/Retirement Plan, or the 401(K) Plan, to cover eligible employees of ours, and any designated affiliate. The 401(K) Plan permits eligible employees to defer up to 15% of their annual compensation, subject to certain limitations imposed by the Code. The employees' elective deferrals are immediately vested and non-forfeitable upon contribution to the 401(K) Plan. During 2003, we amended our 401(K) Plan to provide for discretionary matching contributions only. For 2017, 2016 and 2015, a matching contribution equal to 50% of the first 6% of annual compensation was made. For the year ended December 31, 2017, we made a matching contribution of $728,782. For the years ended December 31, 2016 and 2015, we made matching contributions of $566,000 and $550,000, respectively.

20. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

As of December 31, 2017, the Company and the Operating Partnership were not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against us or our portfolio which if adversely determined could have a material adverse impact on us.

Environmental Matters

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

Employment Agreements

We have entered into employment agreements with certain executives, which expire between December 2018 and February 2020. The minimum cash-based compensation, including base salary and guaranteed bonus payments, associated with these employment agreements total $5.4 million for 2018. In addition these employment agreements provide for deferred compensation awards based on our stock price and which were valued at $1.6 million on the grant date. The value of these awards may change based on fluctuations in our stock price.

Insurance

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

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

Belmont had loss reserves of $5.5 million and $6.3 million as of December 31, 2017 and 2016, respectively.

Capital and Ground Leases Arrangements

In 2015, we entered into a ground lease for the land and building located at 30 East 40th Street with a lease term ending in August 2114. Based on our evaluation of the arrangement under ASC 840, land was estimated to be approximately 63.6% of the fair market value of the property. The portion attributable to land was classified as operating lease with an expiration date of 2114 ($76.0 million total over the lease term attributed to ground rent) and the remainder as a capital lease in the amount of $20.0 million.

The property located at 420 Lexington Avenue operates under a ground lease ($10.9 million of ground rent annually through December 2019, $11.2 million of ground rent annually through December 2029, and $12.3 million annually afterwards, subject to a one-time adjustment based on 6% of the fair value of the land) with an expiration date of 2050 and two options to renew for an additional 35 years.

The property located at 1080 Amsterdam Avenue operates under a ground and capital lease with an expiration date of 2111 ($41.6 million total over the lease term attributed to ground rent). Land was estimated to be 40.0% of the fair market value of the property, which was classified as an operating lease. The remainder was classified as a capital lease.

The property located at 711 Third Avenue operates under an operating sub-lease with an expiration date of 2033 and five options to renew for an additional 10 years each. The ground rent was reset in July 2011. Following the reset, we are responsible for ground rent payments of $5.25 million annually through July 2016 and then $5.5 million annually thereafter on the 50% portion of the fee that we do not own.

The property located at 461 Fifth Avenue operates under a ground lease ($2.1 million of ground rent annually) with an expiration date of 2027 and two options to renew for an additional 21 years each, followed by a third option for 15 years. We also have an option to purchase the fee position for a fixed price on a specific date.

The property located at 625 Madison Avenue operates under a ground lease ($4.6million of ground rent annually) with an expiration date of 2022 and two options to renew for an additional 23 years.

The property located at 1185 Avenue of the Americas operates under a ground lease ($6.9 million of ground rent annually) with an expiration date of 2043 and an option to renew for an additional 23 years.

The property located at 1055 Washington Boulevard operates under a ground lease ($0.6 million of ground rent annually) with an expiration date of 2090.

The following is a schedule of future minimum lease payments under capital leases and non-cancellable operating leases with initial terms in excess of one year as of December 31, 2017 (in thousands):

	Capital lease	Non-cancellable operating leases
2018	$ 2,387	$ 31,049
2019	2,411	31,066
2020	2,620	31,436
2021	2,794	31,628
2022	2,794	29,472
Thereafter	819,894	703,254
Total minimum lease payments	$ 832,900	$857,905
Amount representing interest	(790,057)	
Capital lease obligations	$ 42,843	

21. SEGMENT INFORMATION

The Company is a REIT engaged in all aspects of property ownership and management including investment, leasing operations, capital improvements, development, redevelopment, financing, construction and maintenance in the New York metropolitan area and have two reportable segments, real estate and debt and preferred equity. We evaluate real estate performance and allocate resources based on earnings contribution to income from continuing operations.

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

Selected results of operations for the years ended December 31, 2017, 2016, and 2015, and selected asset information as of December 31, 2017 and 2016, regarding our operating segments are as follows (in thousands):

	Real Estate Segment	Debt and Preferred Equity Segment	Total Company
Total revenues			
Years ended:			
December 31, 2017	**$ 1,317,602**	**$ 193,871**	**$ 1,511,473**
December 31, 2016	1,650,973	213,008	1,863,981
December 31, 2015	1,481,701	181,128	1,662,829
Income from continuing operations before equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price fair value adjustment, gain on sale of real estate, depreciable real estate reserves, loss on early extinguishment of debt, and gain (loss) on sale of marketable securities			
Years ended:			
December 31, 2017	**$ 16,557**	**$ 170,363**	**$ 186,920**
December 31, 2016	(197,000)	204,256	7,256
December 31, 2015	(71,634)	161,923	90,289
Total assets			
As of:			
December 31, 2017	**$11,696,560**	**$2,286,344**	**$13,982,904**
December 31, 2016	13,868,672	1,989,115	15,857,787

Income from continuing operations represents total revenues less total expenses for the real estate segment and total investment income less allocated interest expense for the debt and preferred equity segment. Interest costs for the debt and preferred equity segment includes actual costs incurred for investments collateralizing the MRA. Interest is imputed on the remaining investments using our corporate borrowing cost. We also allocate loan loss reserves, net of recoveries, and transaction related costs to the debt and preferred equity segment. We do not allocate marketing, general and administrative expenses to the debt and preferred equity segment since the use of personnel and resources is dependent on transaction volume between the two segments and varies period over period. In addition, we base performance on the individual segments prior to allocating marketing, general and administrative expenses. For the years ended, December 31, 2016, 2015, and 2014 marketing, general and administrative expenses totaled $100.5 million, $99.8 million, and $94.9 million respectively. All other expenses, except interest, relate entirely to the real estate assets.

There were no transactions between the above two segments.

The table below reconciles income from continuing operations to net income for the years ended December 31, 2017, 2016, and 2015 (in thousands):

	Year ended December 31,		
	2017	**2016**	**2015**
Income from continuing operations before equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price fair value adjustment, gain on sale of real estate, depreciable real estate reserves, loss on early extinguishment of debt, and gain (loss) on sale of marketable securities	**$ 186,920**	$ 7,256	$ 90,289
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	**16,166**	44,009	15,844
Purchase price fair value adjustment	**—**	—	40,078
Gain on sale of real estate, net	**73,241**	238,116	175,974
Depreciable real estate reserves	**(178,520)**	(10,387)	(19,226)
Loss on early extinguishment of debt	**—**	—	(49)
Gain (loss) on sale of investment in marketable securities	**3,262**	(83)	—
Income from continuing operations	**101,069**	278,911	302,910
Net income from discontinued operations	**—**	—	427
Gain on sale of discontinued operations	**—**	—	14,122
Net income	**$ 101,069**	$278,911	$317,459

22. QUARTERLY FINANCIAL DATA OF THE COMPANY (UNAUDITED)

Summarized quarterly financial data for the years ended December 31, 2017 and 2016 was as follows (in thousands, except for per share amounts):

2017 Quarter Ended	December 31	September 30	June 30	March 31
Total revenues	$361,342	$374,600	$398,150	$377,381
Income from continuing operations before equity in net income from unconsolidated joint ventures, equity in net gain on sale of interest in unconsolidated joint venture/real estate, gain (loss) on sale of real estate, depreciable real estate reserves and gain on the sale of investment in marketable securities	$ 47,234	$ 40,687	$ 32,401	$ 44,706
Equity in net income from unconsolidated joint ventures	7,788	4,078	3,412	6,614
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	—	1,030	13,089	2,047
Gain (loss) on sale of real estate, net	76,497	—	(3,823)	567
Depreciable real estate reserves	(93,184)	—	(29,064)	(56,272)
Gain on the sale of investment in marketable securities	—	—	—	3,262
Noncontrolling interests and preferred unit distributions	(6,616)	(3,188)	(4,056)	14,165
Net income attributable to SL Green	31,719	42,607	11,959	15,089
Perpetual preferred stock dividends	(3,737)	(3,738)	(3,737)	(3,738)
Net income attributable to SL Green common stockholders	$ 27,982	$ 38,869	$ 8,222	$ 11,351
Net income attributable to common stockholders per common share—basic	$ 0.29	$ 0.40	$ 0.08	$ 0.11
Net income attributable to common stockholders per common share—diluted	$ 0.29	$ 0.40	$ 0.08	$ 0.11

2016 Quarter Ended	December 31	September 30	June 30	March 31
Total revenues	$374,242	$416,681	$617,614	$455,444
Income (loss) from continuing operations before equity in net (loss) income from unconsolidated joint ventures, equity in net gain on sale of interest in unconsolidated joint venture/real estate, gain on sale of real estate, depreciable real estate reserves and loss on sale of marketable securities	$ 26,278	$ 46,689	$ (76,304)	$ (1,281)
Equity in net (loss) income from unconsolidated joint ventures	(95)	(3,968)	5,841	10,096
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	421	225	33,448	9,915
Gain on sale of real estate, net	27,366	397	196,580	13,773
Depreciable real estate reserves	—	—	(10,387)	—
Loss on the sale of investment in marketable securities	—	—	(83)	—
Noncontrolling interests and preferred unit distributions	(6,217)	(5,353)	(11,901)	(5,544)
Net income attributable to SL Green	47,753	37,990	137,194	26,959
Perpetual preferred stock dividends	(3,737)	(3,738)	(3,737)	(3,738)
Net income attributable to SL Green common stockholders	$ 44,016	$ 34,252	$133,457	$ 23,221
Net income attributable to common stockholders per common share—basic	$ 0.44	$ 0.34	$ 1.33	$ 0.23
Net income attributable to common stockholders per common share—diluted	$ 0.44	$ 0.34	$ 1.33	$ 0.23

23. QUARTERLY FINANCIAL DATA OF THE OPERATING PARTNERSHIP (UNAUDITED)

Summarized quarterly financial data for the years ended December 31, 2017 and 2016 was as follows (in thousands, except for per share amounts):

2017 Quarter Ended	December 31	September 30	June 30	March 31
Total revenues	$361,342	$374,600	$398,150	$377,381
Income from continuing operations before equity in net income from unconsolidated joint ventures, equity in net gain on sale of interest in unconsolidated joint venture/real estate, gain (loss) on sale of real estate, depreciable real estate reserves and gain on the sale of investment in marketable securities	$ 47,234	$ 40,687	$ 32,401	$ 44,706
Equity in net income from unconsolidated joint ventures	7,788	4,078	3,412	6,614
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	—	1,030	13,089	2,047
Gain (loss) on sale of real estate, net	76,497	—	(3,823)	567
Depreciable real estate reserves	(93,184)	—	(29,064)	(56,272)
Gain on the sale of investment in marketable securities	—	—	—	3,262
Noncontrolling interests and preferred unit distributions	(5,328)	(1,376)	(3,637)	14,641
Net income attributable to SLGOP	33,007	44,419	12,378	15,565
Perpetual preferred units distributions	(3,737)	(3,738)	(3,737)	(3,738)
Net income attributable to SLGOP common unitholders	$ 29,270	$ 40,681	$ 8,641	$ 11,827
Net income attributable to common unitholders per common unit—basic	$ 0.29	$ 0.40	$ 0.08	$ 0.11
Net income attributable to common unitholders per common unit—diluted	$ 0.29	$ 0.40	$ 0.08	$ 0.11

2016 Quarter Ended	December 31	September 30	June 30	March 31
Total revenues	$374,242	$416,681	$617,614	$455,444
Income (loss) from continuing operations before equity in net (loss) income from unconsolidated joint ventures, equity in net gain on sale of interest in unconsolidated joint venture/real estate, gain on sale of real estate, depreciable real estate reserves and loss on the sale of investment in marketable securities	$ 26,278	$ 46,689	$ (76,304)	$ (1,281)
Equity in net (loss) income from unconsolidated joint ventures	(95)	(3,968)	5,841	10,096
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	421	225	33,448	9,915
Gain on sale of real estate, net	27,366	397	196,580	13,773
Depreciable real estate reserves	—	—	(10,387)	—
Loss on the sale of investment in marketable securities	—	—	(83)	—
Noncontrolling interests and preferred unit distributions	(4,252)	(3,690)	(6,315)	(4,622)
Net income attributable to SLGOP	49,718	39,653	142,780	27,881
Perpetual preferred units distributions	(3,737)	(3,738)	(3,737)	(3,738)
Net income attributable to SLGOP common unitholders	$ 45,981	$ 35,915	$139,043	$ 24,143
Net income attributable to common unitholders per common unit—basic	$ 0.44	$ 0.34	$ 1.33	$ 0.23
Net income attributable to common unitholders per common unit—diluted	$ 0.44	$ 0.34	$ 1.33	$ 0.23

SL GREEN REALTY CORP. AND SL GREEN OPERATING PARTNERSHIP, L.P.
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
December 31, 2017 (in thousands)

Column A	Column B	Column C	Column D	Column E
Description	**Balance at Beginning of Year**	**Additions Charged Against Operations**	**Uncollectible Accounts Written-off/Recovery**(1)	**Balance at End of Year**
Year Ended December 31, 2017				
Tenant and other receivables—allowance	**$16,592**	**$6,106**	**$(4,061)**	**$18,637**
Deferred rent receivable—allowance	**$25,203**	**$2,321**	**$(10,317)**	**$17,207**
Year Ended December 31, 2016				
Tenant and other receivables—allowance	$17,618	$10,630	$(11,656)	$16,592
Deferred rent receivable—allowance	$21,730	$13,620	$(10,147)	$25,203
Year Ended December 31, 2015				
Tenant receivables—allowance	$18,068	$8,139	$(8,589)	$17,618
Deferred rent receivable—allowance	$27,411	$2,789	$(8,470)	$21,730

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

SL GREEN REALTY CORP. AND SL GREEN OPERATING PARTNERSHIP, L.P.
SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2017 (in thousands)

Column A	Column B	Column C Initial Cost		Column D Cost Capitalized Subsequent To Acquisition	
Description	**Encumbrances**	**Land**	**Building & Improvements**	**Land**	**Building & Improvements**
420 Lexington Ave[1]	$ 300,000	$ —	$ 107,832	$ —	$ 253,314
711 Third Avenue[1][2]	—	19,844	42,499	—	66,553
555 W. 57th Street[1]	—	18,846	78,704	—	61,424
220 East 42nd Street[1]	275,000	50,373	203,727	635	143,059
461 Fifth Avenue[1]	—	—	62,695	—	16,185
750 Third Avenue[1]	—	51,093	205,972	—	42,543
625 Madison Ave[1]	—	—	246,673	—	43,175
485 Lexington Avenue[1]	450,000	77,517	326,825	765	110,648
609 Fifth Avenue[1]	—	36,677	145,954	—	10,435
810 Seventh Avenue[1]	—	114,077	476,386	—	71,735
919 Third Avenue[1][3]	500,000	223,529	1,033,198	35,410	68,413
1185 Avenue of the Americas[1]	—	—	728,213	—	47,793
1350 Avenue of the Americas[1]	—	91,038	380,744	(97)	41,911
100 Summit Lake Drive[4]	—	10,526	43,109	—	11,215
200 Summit Lake Drive[4]	—	11,183	47,906	—	11,177
500 Summit Lake Drive[4]	—	9,777	39,048	—	6,358
360 Hamilton Avenue[4]	—	29,497	118,250	—	15,392
1-6 Landmark Square[5]	100,000	50,947	195,167	—	51,515
7 Landmark Square[5]	—	2,088	7,748	(367)	670
1010 Washington Boulevard[5]	—	7,747	30,423	—	7,378
400 Summit Lake Drive[4]	—	38,889	1	285	2
1055 Washington Boulevard[5]	—	13,516	53,228	—	8,390
1 Madison Avenue[1]	486,153	172,641	654,394	905	15,801
100 Church Street[1]	217,273	32,494	79,996	2,500	96,027
125 Park Avenue[1]	—	120,900	189,714	—	74,660
Williamsburg[6]	—	3,677	14,708	2,523	(4,550)
110 East 42nd Street[1]	—	34,000	46,411	2,196	27,253
400 East 58th Street[1][7]	40,000	17,549	30,916	—	7,590
752 Madison Avenue[1]	—	282,415	7,131	1,871	58
762 Madison Avenue[1][7]	771	6,153	10,461	—	131
19-21 East 65th Street[1][7]	—	—	7,389	—	364
304 Park Avenue[1]	—	54,189	75,619	300	14,550
635 Sixth Avenue[1]	—	24,180	37,158	163	51,805
641 Sixth Avenue[1]	—	45,668	67,316	308	6,029
1080 Amsterdam[1][8]	36,363	—	27,445	—	20,489
315 West 33rd Street[1]	250,000	195,834	164,429	—	11,583
562 Fifth Avenue[1]	—	57,052	10,487	—	1,213
719 Seventh Avenue[1][9]	41,622	41,850	—	2,336	34,055
115 Spring Street[1]	—	11,078	44,799	—	1,759
635 Madison[1]	—	205,632	15,805	—	—
1640 Flatbush Avenue[6]	—	6,226	501	—	231
One Vanderbilt[1][10]	—	80,069	116,557	(80,069)	(116,558)
Upper East Side Residential[1][11]	—	48,152	—	13,323	—
110 Greene Street[1][7]	—	45,120	215,470	—	9,611
187 Broadway[1]	—	7,600	9,412	(7,600)	(154)
5-7 Dey Street[1]	58,000	13,400	34,175	13,050	10,481
30 East 40th Street[1]	—	4,650	20,000	2	4,197
183 Broadway[1]	—	5,799	23,431	(5,799)	923
Other[12]	—	922	14,210	(3)	2
Total	$2,755,182	$2,374,414	$6,492,236	$(17,363)	$1,356,835

(1) Property located in New York, New York.
(2) We own a 50.0% interest in this property.
(3) We own a 51.0% interest in this property.
(4) Property located in Westchester County, New York.
(5) Property located in Connecticut.
(6) Property located in Brooklyn, New York.
(7) We own a 90.0% interest in this property.
(8) We own a 92.5% interest in this property.

The changes in real estate for the years ended December 31, 2017, 2016 and 2015 are as follows (in thousands):

	2017	**2016**	**2015**
Balance at beginning of year	**$12,743,332**	$16,681,602	$14,069,141
Property acquisitions	**13,323**	29,230	3,064,137
Improvements	**342,014**	426,060	396,555
Retirements/disposals/deconsolidation	**(2,892,547)**	(4,393,560)	(848,231)
Balance at end of year	**$10,206,122**	$12,743,332	$16,681,602

The aggregate cost of land, buildings and improvements, before depreciation, for Federal income tax purposes at December 31, 2017 was $9.2 billion (unaudited).

Column E Gross Amount at Which Carried at Close of Period			Column F	Column G	Column H	Column I
Land	**Building & Improvements**	**Total**	**Accumulated Depreciation**	**Date of Construction**	**Date Acquired**	**Life on Which Depreciation is Computed**
$ —	$ 361,146	$ 361,146	$ 157,502	1927	3/1998	Various
19,844	109,052	128,896	39,396	1955	5/1998	Various
18,846	140,128	158,974	64,281	1971	1/1999	Various
51,008	346,786	397,794	97,895	1929	2/2003	Various
—	78,880	78,880	28,378	1988	10/2003	Various
51,093	248,515	299,608	93,469	1958	7/2004	Various
—	289,848	289,848	107,791	1956	10/2004	Various
78,282	437,473	515,755	168,921	1956	12/2004	Various
36,677	156,389	193,066	46,059	1925	6/2006	Various
114,077	548,121	662,198	162,606	1970	1/2007	Various
258,939	1,101,611	1,360,550	303,424	1970	1/2007	Various
—	776,006	776,006	242,681	1969	1/2007	Various
90,941	422,655	513,596	124,638	1966	1/2007	Various
10,526	54,324	64,850	16,963	1988	1/2007	Various
11,183	59,083	70,266	18,818	1990	1/2007	Various
9,777	45,406	55,183	13,074	1986	1/2007	Various
29,497	133,642	163,139	39,811	2000	1/2007	Various
50,947	246,682	297,629	70,120	1973–1984	1/2007	Various
1,721	8,418	10,139	1,286	2007	1/2007	Various
7,747	37,801	45,548	11,044	1988	1/2007	Various
39,174	3	39,177	—	—	1/2007	N/A
13,516	61,618	75,134	18,075	1987	6/2007	Various
173,546	670,195	843,741	175,971	1960	8/2007	Various
34,994	176,023	211,017	46,825	1959	1/2010	Various
120,900	264,374	385,274	65,529	1923	10/2010	Various
6,200	10,158	16,358	1,865	2010	12/2010	Various
36,196	73,664	109,860	17,603	1921	5/2011	Various
17,549	38,506	56,055	5,154	1929	1/2012	Various
284,286	7,189	291,475	1,180	1996/2012	1/2012	Various
6,153	10,592	16,745	1,627	1910	1/2012	Various
—	7,753	7,753	1,141	1928–1940	1/2012	Various
54,489	90,169	144,658	16,445	1930	6/2012	Various
24,343	88,963	113,306	7,854	1902	9/2012	Various
45,976	73,345	119,321	12,097	1902	9/2012	Various
—	47,934	47,934	4,216	1932	10/2012	Various
195,834	176,012	371,846	19,966	2000–2001	11/2013	Various
57,052	11,700	68,752	3,596	1909/1920/1921	11/2013	Various
44,186	34,055	78,241	215	1927	7/2014	Various
11,078	46,558	57,636	4,083	1900	7/2014	Various
205,632	15,805	221,437	1,306		9/2014	N/A
6,226	732	6,958	35	1966	3/2015	Various
—	(1)	(1)	—	N/A	6/2001–11/2011	Various
61,475	—	61,475	—	1930	6/2015	Various
45,120	225,081	270,201	15,693	1910	7/2015	Various
—	9,258	9,258	9,258	1969	8/2015	Various
26,450	44,656	71,106	34,136	1921	8/2015	Various
4,652	24,197	28,849	534	1927	8/2015	Various
—	24,354	24,354	24,354	1920	3/2016	Various
919	14,212	15,131	3,201			Various
$2,357,051	$7,849,071	$10,206,122	$2,300,116			

(9) We own a 75.0% interest in this property.

(10) Properties at 317 Madison Avenue, 331 Madison Avenue and 51 East 42nd Street were demolished in preparation of the development site for the One Vanderbilt project.

(11) We own a 95.1% interest in this property.

(12) Other includes tenant improvements of eEmerge, capitalized interest and corporate improvements.

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, and furniture and fixtures, for the years ended December 31, 2017, 2016 and 2015 are as follows (in thousands):

	2017	**2016**	**2015**
Balance at beginning of year	**$2,264,694**	$2,060,706	$1,905,165
Depreciation for year	**347,015**	353,502	480,523
Retirements/disposals/deconsolidation	**(311,593)**	(149,514)	(324,982)
Balance at end of year	**$2,300,116**	$2,264,694	$2,060,706

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SL Green Realty Corp. (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedules listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 23, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Ernst & Young LLP

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

New York, New York
February 23, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited SL Green Realty Corp.'s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, SL Green Realty Corp. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2017 consolidated financial statements of the Company and our report dated February 23, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

Ernst + Young LLP

New York, New York
February 23, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of SL Green Operating Partnership, L.P. (the Operating Partnership) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, capital and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedules listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Operating Partnership at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Operating Partnership's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 23, 2018 expressed an unqualified opinion thereon.

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

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

Ernst & Young LLP

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

New York, New York
February 23, 2018

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

Opinion on Internal Control over Financial Reporting

We have audited SL Green Operating Partnership L.P.'s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, SL Green Operating Partnership, L.P. (the Operating Partnership) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2017 consolidated financial statements of the Operating Partnership and our report dated February 23, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

Ernst & Young LLP

New York, New York
February 23, 2018

SL GREEN REALTY CORP.

Evaluation of Disclosure Controls and Procedures

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

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

Management's Report on Internal Control Over Financial Reporting

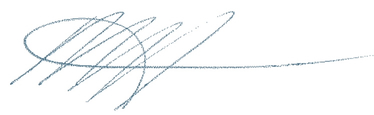
The Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2017 based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (COSO). Based on that evaluation, the Company concluded that its internal control over financial reporting was effective as of December 31, 2017.

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

The effectiveness of the Company's internal control over financial reporting as of December 31, 2017 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the Company's internal control over financial reporting during the year ended December 31, 2017 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.



Marc Holliday
Chief Executive Officer

Matthew J. DiLiberto
Chief Financial Officer

SL GREEN OPERATING PARTNERSHIP, L.P.

Evaluation of Disclosure Controls and Procedures

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

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

Management's Report on Internal Control Over Financial Reporting

The Operating Partnership is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15 (f) and 15d-15 (f). Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer of the Operating Partnership's general partner, the Operating Partnership conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2017 based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (COSO). Based on that evaluation, the Operating Partnership concluded that its internal control over financial reporting was effective as of December 31, 2017.

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

The effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2017 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the Operating Partnership's internal control over financial reporting during the year ended December 31, 2017 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Marc Holliday
Chief Executive Officer

Matthew J. DiLiberto
Chief Financial Officer

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

SL GREEN REALTY CORP.

Our common stock trades on the New York Stock Exchange, or the NYSE, under the symbol "SLG." On February 22, 2018, the reported closing sale price per share of common stock on the NYSE was $95.91 and there were 349 holders of record of our common stock. The table below sets forth the quarterly high and low closing sales prices of the common stock on the NYSE and the dividends declared by us with respect to the periods indicated.

	2017			2016		
Quarter Ended	**High**	**Low**	**Dividends**	**High**	**Low**	**Dividends**
March 31	**$113.75**	**$104.62**	**$ 0.775**	$110.92	$ 80.54	$ 0.72
June 30	**$109.73**	**$101.03**	**$ 0.775**	$106.72	$ 95.51	$ 0.72
September 30	**$107.52**	**$ 95.45**	**$ 0.775**	$119.20	$102.56	$ 0.72
December 31	**$105.01**	**$ 94.15**	**$0.8125**	$112.89	$ 94.23	$0.775

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

UNITS

At December 31, 2017, there were 4,452,979 units of limited partnership interest of the Operating Partnership outstanding and held by persons other than the Company, which received distributions per unit in the same manner as dividends per share were distributed to common stockholders.

SL GREEN OPERATING PARTNERSHIP, L.P.

There is no established public trading market for the common units of the Operating Partnership. On February 22, 2018, there were 40 holders of record and 95,042,436 common units outstanding, 90,327,098 of which were held by SL Green. The table below sets forth the quarterly distributions paid by the Operating Partnership to holders of its common units with respect to the periods indicated.

	Distributions	
Quarter Ended	**2017**	**2016**
March 31	**$ 0.775**	$ 0.72
June 30	**$ 0.775**	$ 0.72
September 30	**$ 0.775**	$ 0.72
December 31	**$0.8125**	$0.775

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

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

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

ISSUER PURCHASES OF EQUITY SECURITIES

None.

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

During the years ended December 31, 2017, 2016, and 2015, we issued 201,696, 292,291 and 482,311 shares of our common stock, respectively, to holders of units of limited partnership interest in the Operating Partnership upon the redemption of such units pursuant to the partnership agreement of the Operating Partnership. The issuance of such shares was exempt from registration under the Securities Act, pursuant to the exemption contemplated by Section 4(a)(2) thereof for transactions not involving a public offering. The units were exchanged for an equal number of shares of our common stock.

The following table summarizes information, as of December 31, 2017, relating to our equity compensation plans pursuant to which shares of our common stock or other equity securities may be granted from time to time.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders(1)	3,917,900(2)	$94.33(3)	8,715,196(4)
Equity compensation plans not approved by security holders	—	—	—
Total	3,917,900	$94.33	8,715,196

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

(2) Includes (i) 1,548,719 shares of common stock issuable upon the exercise of outstanding options (800,902 of which are vested and exercisable), (ii) 10,750 restricted stock units and 99,853 phantom stock units that may be settled in shares of common stock (99,853 of which are vested), (iii) 2,205,600 LTIP units that, upon the satisfaction of certain conditions, are convertible into common units, which may be presented to us for redemption and acquired by us for shares of our common stock (1,465,100 of which are vested).

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

(4) Balance is after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units. The number of securities remaining available consists of shares remaining available for issuance under our 2008 Employee Stock Purchase Plan and Third Amended and Restated 2005 Stock Option and Incentive Plan.

Trend Resources

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2 “Capital Flow,” 1997–Real Capital Analytics; 2017–SL Green

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3 “Leasing Activity,” https://therealdeal.com/issues_articles/its-the-economy-landlords/

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4 “Corporate Headquarters,” New York City Economic Development Corp. (NYCEDC) https://www.shrm.org/hr-today/trends-and-forecasting/labor-market-and-economic-data/Documents/nyc.pdf

5 “Urbanization,” New York City Population Projections by Age/Sex & Borough, 2010–2040 https://www1.nyc.gov/assets/planning/download/pdf/data-maps/nyc-population/projections_briefing_booklet_2010_2040.pdf

6 “Venture Capital,” https://www.pwc.com/us/en/money-tree-report/assets/MoneyTree_Report_Q4_2017_FINAL_1_10_18.pdf

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7 “Job Growth,” OMB http://www1.nyc.gov/site/omb/publications/publications.page

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10 “JFK Airport Redevelopment,” https://www.ny.gov/transforming-jfk-airport/transforming-jfk-21st-century#the-vision OR https://www.ny.gov/programs/transforming-jfk-airport

11 “LaGuardia Redevelopment Project,” https://www.amny.com/transit/laguardia-airport-construction-explained-renovation-plans-timeline-funding-and-more-1.12268455

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15 “Eco-Friendly,” http://www.nyc.gov/html/gbee/html/public/leed.shtml

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Annual Meeting

Thursday, May 31, 2018,
10:00 a.m. ET at
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