SL GREEN REALTY CORP
Form 10-K
February 24, 2015

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

FORM 10-K
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number: 1-13199 (SL Green Realty Corp.)
Commission File Number: 33-167793-02 (SL Green Operating Partnership, L.P.)

SL GREEN REALTY CORP.
SL GREEN OPERATING PARTNERSHIP, L.P.
(Exact name of registrant as specified in its charter)

SL Green Realty Corp.	Maryland	13-3956755
SL Green Operating Partnership, L.P.	Delaware	13-3960938
	(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

Registrant	Title of Each Class	Name of Each Exchange on Which Registered
SL Green Realty Corp.	Common Stock, $0.01 par value	New York Stock Exchange
SL Green Realty Corp.	6.500% Series I Cumulative Redeemable Preferred Stock, $0.01 par value, $25.00 mandatory liquidation preference	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
SL Green Realty Corp. Yes x No o SL Green Operating Partnership, L.P. Yes o No x
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
SL Green Realty Corp. Yes o No x SL Green Operating Partnership, L.P. Yes o No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
SL Green Realty Corp. Yes x No o SL Green Operating Partnership, L.P. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

SL Green Realty Corp. Yes x No o SL Green Operating Partnership, L.P. Yes x No o

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

SL Green Realty Corp. o SL Green Operating Partnership, L.P. o

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

SL Green Realty Corp.

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

SL Green Operating Partnership, L.P.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

SL Green Realty Corp. Yes o No x SL Green Operating Partnership, L.P. Yes o No x

The aggregate market value of the common stock held by non-affiliates of SL Green Realty Corp. (89,790,630 shares) was $9.8 billion based on the quoted closing price on the New York Stock Exchange for such shares on June 30, 2014.

As of February 17, 2015, 98,625,888 shares of SL Green Realty Corp.'s common stock, par value $0.01 per share, were outstanding. As of February 17, 2015, 1,005,426 common units of limited partnership interest of SL Green Operating Partnership, L.P. were held by non-affiliates. There is no established trading market for such units.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the SL Green Realty Corp.'s Proxy Statement for its 2015 Annual Stockholders' Meeting to be filed within 120 days after the end of the Registrant's fiscal year are incorporated by reference into Part III of this Annual Report on Form 10-K.

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2014 of SL Green Realty Corp. and SL Green Operating Partnership, L.P. Unless stated otherwise or the context otherwise requires, references to "SL Green Realty Corp.," the "Company" or "SL Green" mean SL Green Realty Corp. and its consolidated subsidiaries; and references to "SL Green Operating Partnership, L.P.," the "Operating Partnership" or "SLGOP" mean SL Green Operating Partnership, L.P. and its consolidated subsidiaries. The terms "we," "our" and "us" mean the Company and all the entities owned or controlled by the Company, including the Operating Partnership.

The Company is a Maryland corporation which operates as a self-administered and self-managed real estate investment trust, or REIT, and is the sole managing general partner of the Operating Partnership. As a general partner of the Operating Partnership, the Company has full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Operating Partnership.

The Company owns 96.08% of the outstanding general and limited partnership interest in the Operating Partnership. The Company also owns 9,200,000 Series I Preferred Units of the Operating Partnership. As of December 31, 2014, noncontrolling investors held, in aggregate, a 3.92% limited partnership interest in the Operating Partnership. We refer to these interests as the noncontrolling interests in the Operating Partnership.

The Company and the Operating Partnership are managed and operated as one entity. The financial results of the Operating Partnership are consolidated into the financial statements of the Company. The Company has no significant assets other than its investment in the Operating Partnership. Substantially all of our assets are held by, and our operations are conducted through, the Operating Partnership. Therefore, the assets and liabilities of the Company and the Operating Partnership are substantially the same.

Noncontrolling interests in the Operating Partnership, stockholders' equity of the Company and partners' capital of the Operating Partnership are the main areas of difference between the consolidated financial statements of the Company and those of the Operating Partnership. The common limited partnership interests in the Operating Partnership not owned by the Company are accounted for as partners' capital in the Operating Partnership’s consolidated financial statements and as noncontrolling interests, within mezzanine equity, in the Company's consolidated financial statements.

We believe combining the annual reports on Form 10-K of the Company and the Operating Partnership into this single report results in the following benefits:

- Combined reports enhance investors' understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- Combined reports eliminate duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the Company's disclosure applies to both the Company and the Operating Partnership; and
- Combined reports create time and cost efficiencies through the preparation of one combined report instead of two separate reports.

To help investors understand the significant differences between the Company and the Operating Partnership, this report presents the following separate sections for each of the Company and the Operating Partnership:

- consolidated financial statements;
- the following notes to the consolidated financial statements:

Note 11, Noncontrolling Interests on the Company’s Consolidated Financial Statements;
Note 12, Stockholders' Equity of the Company;
Note 13, Partners' Capital of the Operating Partnership;
Note 15, Accumulated Other Comprehensive Loss of the Company;
Note 16, Accumulated Other Comprehensive Loss of the Operating Partnership;
Note 23, Quarterly Financial Data of the Company (unaudited); and
Note 24, Quarterly Financial Data of the Operating Partnership (unaudited).

This report also includes separate Part II, Item 5. Market for Registrants' Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities, Item 6. Selected Financial Data and Item 9A. Controls and Procedures sections and separate Exhibit 31 and 32 certifications for each of the Company and the Operating Partnership, respectively, in order to establish that the Chief Executive Officer and the Chief Financial Officer of the

Company, in both their capacity as the principal executive officer and principal financial officer of the Company and the principal executive officer and principal financial officer of the general partner of the Operating Partnership, have made the requisite certifications and that the Company and the Operating Partnership are compliant with Rule 13a-15 and Rule 15d-15 of the Securities Exchange Act of 1934, as amended.

SL GREEN REALTY CORP. AND SL GREEN OPERATING PARTNERSHIP, L.P.
TABLE OF CONTENTS

PART I		
Item 1.	Business	5
Item 1A.	Risk Factors	12
Item 1B.	Unresolved Staff Comments	24
Item 2.	Properties	25
Item 3.	Legal Proceedings	34
Item 4.	Mine Safety Disclosures	34
PART II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	35
Item 6.	Selected Financial Data - SL Green Realty Corp.	37
	Selected Financial Data - SL Green Operating Partnership, L.P.	
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	41
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	66
Item 8.	Financial Statements and Supplementary Data	68
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	141
Item 9A.	Controls and Procedures	141
Item 9B.	Other Information	145
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	145
Item 11.	Executive Compensation	145
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	145
Item 13.	Certain Relationships and Related Transactions, and Director Independence	145
Item 14.	Principal Accounting Fees and Services	145
PART IV		
Item 15.	Exhibits, Financial Statements and Schedules	146
	SIGNATURES	152

Table of Contents

PART I

ITEM 1. BUSINESS

General

SL Green Realty Corp. is a self-managed real estate investment trust, or REIT, with in-house capabilities in property management, acquisitions and dispositions, financing, development and redevelopment, construction and leasing. We were formed in June 1997 for the purpose of continuing the commercial real estate business of S.L. Green Properties, Inc., our predecessor entity. S.L. Green Properties, Inc., which was founded in 1980 by Stephen L. Green, the Company's Chairman, had been engaged in the business of owning, managing, leasing, acquiring and repositioning office properties in Manhattan, a borough of New York City. Reckson Associates Realty Corp., or Reckson, and Reckson Operating Partnership, L.P., or ROP, are wholly-owned subsidiaries of SL Green Operating Partnership, L.P., the Operating Partnership.

As of December 31, 2014, we owned the following interests in commercial office properties in the New York Metropolitan area, primarily in midtown Manhattan. Our investments in the New York Metropolitan area also include investments in Brooklyn, Long Island, Westchester County, Connecticut and New Jersey, which are collectively known as the Suburban properties:

Location	Type	Consolidated Number of Properties		Consolidated Approximate Square Feet	Unconsolidated Number of Properties	Unconsolidated Approximate Square Feet	Total Number of Properties	Total Approximate Square Feet	Weighted Average Occupancy(1)	
Commercial:										
Manhattan	Office	23		18,429,045	7	3,476,115	30	21,905,160	95.3	%
	Retail	9	(2)	403,735	7	279,628	16	683,363	91.0	%
	Development/Redevelopment	9	(3)	1,973,862	5	1,952,782	14	3,926,644	32.6	%
	Fee Interest	2		783,530	—	—	2	783,530	100.0	%
		43		21,590,172	19	5,708,525	62	27,298,697	86.3	%
Suburban	Office	27		4,365,400	4	1,222,100	31	5,587,500	82.4	%
	Retail	1		52,000	—	—	1	52,000	100.0	%
	Development/Redevelopment	1		85,000	2	65,641	3	150,641	54.2	%
		29		4,502,400	6	1,287,741	35	5,790,141	81.8	%
Total commercial properties		72		26,092,572	25	6,996,266	97	33,088,838	85.5	%
Residential:										
Manhattan	Residential	3	(2)	735,587	—	—	3	735,587	95.6	%
Suburban	Residential	1		66,611	—	—	1	66,611	89.6	%
Total residential properties		4		802,198	—	—	4	802,198	95.2	%
Total portfolio		76		26,894,770	25	6,996,266	101	33,891,036	85.8	%

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

(2) As of December 31, 2014, 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 as part of retail properties and have shown the square footage under its respective classifications.

(3) Includes one property which was held for sale as of December 31, 2014 and sold in January 2015.

As of December 31, 2014, we also managed an approximately 336,201 square foot office building owned by a third party and held debt and preferred equity investments with a book value of $1.4 billion.

Our corporate offices are located in midtown Manhattan at 420 Lexington Avenue, New York, New York 10170. As of December 31, 2014, our corporate staff consisted of 279 persons, including 179 professionals experienced in all aspects of commercial real estate. We can be contacted at (212) 594-2700. We maintain a website at www.slgreen.com. On our website, you can obtain, free of charge, a copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we file such material electronically with, or furnish it to, the Securities and Exchange Commission, or the SEC. We have also made available on our website our audit committee charter, compensation committee charter, nominating and corporate governance committee charter, code of business conduct and ethics and corporate governance principles. We do not intend for information contained on our website to be part of this annual report on Form 10-K. You can also read and copy any materials we file with the SEC at its Public Reference Room at 100 F Street, NE, Washington,

Table of Contents

DC 20549 (1-800-SEC-0330). The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Unless the context requires otherwise, all references to the "Company," "SL Green," "we," "our" and "us" in this annual report means SL Green Realty Corp., a Maryland corporation, and one or more of its subsidiaries, including the Operating Partnership, or, as the context may require, SL Green only or the Operating Partnership only, and "S.L. Green Properties" means S.L. Green Properties, Inc., a New York corporation, as well as the affiliated partnerships and other entities through which Stephen L. Green has historically conducted commercial real estate activities.

Corporate Structure

In connection with the Company's initial public offering, or IPO, in August 1997, the Operating Partnership received a contribution of interests in real estate properties as well as a 95% economic, non-voting interest in the management, leasing and construction companies affiliated with S.L. Green Properties. We refer to these management, leasing and construction entities, which are owned by SL Green Management Corp, as the "Service Corporation." The Company is organized so as to qualify and have elected to qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code.

Substantially all of our assets are held by, and all of our operations are conducted through, the Operating Partnership. We are the sole managing general partner of the Operating Partnership, and as of December 31, 2014, we owned 96.08% of its economic interests. All of the management and leasing operations with respect to our wholly-owned properties are conducted through SL Green Management LLC, or Management LLC. The Operating Partnership owns a 100% interest in Management LLC.

In order to maintain the Company's qualification as a REIT while realizing income from management, leasing and construction contracts with third parties and joint venture properties, all of these service operations are conducted through the Service Corporation, a consolidated variable interest entity. We, through our Operating Partnership, expect to receive substantially all of the cash flow from the Service Corporation's operations. All of the voting common stock of the Service Corporation is held by an entity owned and controlled by the chairman of the Company's board of directors.

Business and Growth Strategies

SL Green, New York City's largest commercial landlord, is a fully integrated REIT that is focused primarily on acquiring, managing and maximizing the value of Manhattan commercial properties.

Our core business is the ownership of high quality commercial properties and our primary business objective is to maximize the total return to stockholders, through growth in funds from operations and through asset value appreciation. The commercial real estate expertise resulting from owning, operating, investing and lending in Manhattan for over 34 years has enabled us to invest in a collection of premier office and retail properties, selected multifamily residential assets, and high quality debt and preferred equity investments. We also own high quality office properties in the surrounding markets of Brooklyn, Long Island, Westchester County, Connecticut and New Jersey.

We are led by a strong, experienced management team that provides a foundation of skills in all aspects of property ownership and management including investment, leasing, operations, capital improvements, financing, repositioning and maintenance. It is with this team that we have achieved a market leading position in our targeted submarkets.

We seek to enhance the value of our company by executing strategies that include the following:

- Leasing and property management capitalizing on our extensive presence and knowledge of the marketplaces in which we operate;
- Acquiring office, retail and residential properties and employing our local market skills to reposition these assets to create cash flow and capital appreciation;
- Investing in high-yielding debt and preferred equity positions, generating strong risk-adjusted returns, increasing breadth of market insight, building key market relationships and sourcing potential future investment opportunities;
- Executing dispositions through sales or joint ventures that harvest equity generated through management's value enhancing activities, thereby providing a continuing source of capital for reinvestment; and

- Maintaining a liquid balance sheet with access to diversified sources of property and corporate capital.

Leasing and Property Management

We seek to capitalize on our management's extensive knowledge of the Manhattan and Suburban markets and the needs of our tenants through proactive leasing and management programs, which include: (i) use of in-depth market experience resulting from managing and leasing approximately 32.3 million square feet of office and retail space, predominantly in Manhattan; (ii) careful management to ensure adequate average lease term and manageable lease rollovers; (iii) utilization of an extensive

Table of Contents

network of third-party brokers; (iv) use of comprehensive building management analysis and planning; and (v) commitment to tenant satisfaction by providing high quality tenant services at attractive rental rates.
It is our belief that our proactive leasing efforts have directly contributed to our average portfolio occupancy consistently exceeding the market average.

Property Acquisitions

We acquire core properties for long-term appreciation and earnings growth. We also acquire non-core properties that are typically held for shorter periods during which we attempt to create significant increases in value. This strategy has resulted in capital gains that increase our investment capital base. In implementing this strategy, we continually evaluate potential acquisition opportunities. These acquisitions may come from new properties as well as properties in which we already hold a joint venture interest or from our debt and preferred equity investments. Although we continuously review our acquisition pipeline, there is not a specific metric that we apply to acquisitions that are under consideration.

Through intimate knowledge of our markets and operating base we have developed a keen ability to source transactions with superior risk-adjusted returns by capturing off-market opportunities that lead to acquisitions at meaningful discounts to replacement costs. In rising markets, we acquire strategic vacancies that provide the opportunity to take advantage of our exceptional leasing capability to increase cash flow and property value. In stable or falling markets, we target assets featuring credit tenancies with fully escalated in-place rents to provide cash flow stability near-term and the opportunity for increases over time.

Over the last several years, we have expanded our acquisition activities into selected high value retail locations in Manhattan, and multifamily properties. Management’s breadth of activities in New York City have enabled us to identify and acquire off-market retail in prime Manhattan locations. Combining our real estate skills and ability to attract premier tenants in an environment of rapidly growing retail rents has resulted in transactions that have provided significant capital appreciation. In addition, this same market penetration has permitted us to grow a portfolio of high quality, well located multifamily properties.

In acquiring core and non-core properties, directly or through joint ventures with a predominance of high quality institutional investors, we believe that we have the following advantages over many of our competitors: (i) senior management's average 26 years of experience leading a full-service, fully-integrated real estate company focused on the Manhattan office market; (ii) the ability to offer tax-advantaged structures to sellers through the exchange of ownership interests as opposed to solely cash transactions; and (iii) the ability to close transactions quickly despite complicated structures.

Property Repositioning

Our knowledge of the leasing markets and our ability to efficiently plan and execute capital projects provide the expertise to enhance returns by repositioning properties that are underperforming. Many of the retail and commercial office properties we own or seek to acquire feature unique architectural design elements, including large floor plates, unique amenities and characteristics that can be appealing to tenants when fully exploited. Our strategic investment in these properties, combined with our active management and pro-active leasing, provide the opportunity to creatively meet market needs and generate favorable returns.

Debt and Preferred Equity Investments

We invest in well-collateralized debt and preferred equity investments that generate attractive yields. See Note 5, "Debt and Preferred Equity Investments," in the accompanying consolidated financial statements. Knowledge of our markets and our leasing and asset management expertise provide underwriting capabilities that enable a highly educated assessment of risk and return. The benefits of this investment program, which has a carefully managed aggregate size generally not to exceed 10% of our total enterprise value, include the following:

- Our typical investments generally provide high current returns and, in certain cases, the potential for future capital gains. Because we are the largest commercial landlord in Manhattan, our expertise and operating capabilities provide both insight and operating skills that mitigate risk.

- In certain cases, these investments may also serve as a potential source of real estate acquisitions for us. This is particularly true when a property's current ownership seeks an efficient off-market transaction, because ownership knows that we have already gained knowledge of the asset through the existing investment, and that we can close quickly if we believe such acquisition would be beneficial.
- These investments are concentrated in Manhattan, which helps us gain market insight and awareness of upcoming and active investment opportunities and support for key relationships that may provide access to future investment opportunities.

Property Dispositions

We continually evaluate our properties to identify those most suitable to meet our long-term earnings and cash flow growth objectives and contribute to increasing portfolio value. Properties that no longer meet our objectives are evaluated for sale, or in

Table of Contents

certain cases, joint venture to release equity created through management's value enhancement programs or to take advantage of opportune market valuations.

Capital generated from these dispositions is efficiently re-deployed into property acquisitions and investments in debt and preferred equity investments that we expect will provide enhanced future capital gains and earnings growth opportunities.

Capital Resources

Our objective is to maintain numerous corporate and property capital sources to obtain the best suited and lowest cost financings. This objective is supported by:

- Property operations that generally provide stable and growing cash flows through market cycles due to a robust Manhattan economy, constraints on new supply, long average lease terms, high credit quality tenants and superior leasing, operating and asset management skills;
- Concentration of our activities in a Manhattan market that is consistently attractive to property investors and lenders through market cycles;
- Maintaining strong corporate liquidity through careful management of immediately accessible cash, and future debt maturities; and
- Maintaining access to corporate capital markets through balanced financing and investment activities that result in balance sheet and cash flow metrics consistent with peer investment grade companies.

Competition

The leasing of real estate is highly competitive, especially in the Manhattan office market. We compete for tenants with landlords and developers of similar properties located in our markets primarily on the basis of location, rent charged, services provided, balance sheet strength and liquidity and the design and condition of our properties. We face competition from other real estate companies, including other REITs that currently invest in markets other than or in addition to Manhattan, private real estate funds, domestic and foreign financial institutions, life insurance companies, pension trusts, partnerships, individual investors and others that may have greater financial resources or access to capital than we do or that are willing to acquire properties in transactions which are more highly leveraged or with different financial attributes than we are willing to pursue.

Manhattan Office Market Overview

Manhattan is by far the largest office market in the United States, containing more rentable square feet than the next five largest central business district office markets combined. The properties in our portfolio are concentrated in some of Manhattan's most prominent midtown locations.

According to Cushman and Wakefield Research Services as of December 31, 2014, Manhattan has a total inventory of approximately 396.7 million square feet, including approximately 241.3 million square feet in midtown. Based on current construction activity, we estimate that in midtown Manhattan, approximately 2.5 million square feet of new construction will become available next year, approximately 40.6% of which is pre-leased. This increase is partially offset by approximately 1.1 million square feet of conversions. This will add approximately 0.6% to Manhattan's total inventory gross of conversions and 0.4% net of conversions.

General Terms of Leases in the midtown Manhattan Markets

Leases entered into for space in the midtown Manhattan markets typically contain terms that may not be contained in leases in other U.S. office markets. The initial term of leases entered into for space in the midtown Manhattan markets is generally seven to fifteen years. Tenants leasing space in excess of 10,000 square feet for an initial term of 10 years or longer often will negotiate an option to extend the term of the lease for one or two renewal periods, typically for a term of five years each. The base rent during the initial term often will provide for agreed-upon periodic increases over the term of the lease. Base rent for renewal terms is most often based upon the then fair market rental value of the premises as of the commencement date of the applicable renewal term (generally determined by binding arbitration in the event the landlord and the tenant are unable to mutually agree upon the fair market value), though base rent for a renewal period may be set at 95% of the then fair market rent. Very infrequently, leases may contain termination options whereby tenants can terminate their lease obligations upon payment of a penalty together with repayment of the unamortized portion of the landlord's transaction costs (e.g., brokerage commissions, free rent periods, tenant improvement allowances, etc.).

In addition to base rent, a tenant will generally also pay its pro rata share of increases in real estate taxes and operating expenses for the building over a base year (which is typically the year during which the term of the lease commences) based upon the tenant's proportionate occupancy of the building. In some smaller leases (generally less than 10,000 square feet), in lieu of paying additional rent based upon increases in building operating expenses, base rent will be increased each year during the lease

Table of Contents

term by a set percentage on a compounding basis (though the tenant will still pay its pro rata share of increases in real estate taxes over a base year).

Tenants typically receive a free rent period following commencement of the lease term, which in some cases may coincide with the tenant's construction period.

The landlord most often supplies electricity either on a sub-metered basis at the landlord's cost plus a fixed percentage or a rent inclusion basis (i.e., a fixed fee is added to the base 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) typically are provided at no additional cost, but are included in the building's operating expenses, with the tenant paying additional rent only for services which exceed base building services or for services which are provided other than during normal business hours.

In a typical lease for a new tenant renting in excess of 10,000 feet, the landlord will deliver the premises with existing improvements demolished. In such instances, the landlord will also typically provide a tenant improvement allowance, which is a fixed sum that the landlord makes available to the tenant to reimburse the tenant for all or a portion of the tenant's initial construction of its premises. Such sum typically is payable as work progresses, upon submission of invoices for the cost of construction and lien waivers. However, in certain leases (most often for relatively small amounts of space), the landlord will construct the premises for the tenant at a cost to the landlord not to exceed an agreed upon amount with the tenant paying any excess. In addition, landlords may rent space to a tenant that is "pre-built" (i.e., space that was constructed by the landlord in advance of lease signing and ready to move in with the tenant selecting paint and carpet colors).

Occupancy

The following table sets forth the weighted average occupancy rates at our office properties based on space leased as of December 31, 2014, 2013 and 2012:

	Percent Occupied as of December 31,					
Property	2014		2013		2012	
Manhattan properties	95.3	%	94.3	%	94.3	%
Suburban properties	82.4	%	80.4	%	81.3	%
Same-Store properties(1)	91.7	%	90.8	%	91.3	%
Unconsolidated Joint Venture Properties	92.6	%	89.8	%	93.3	%
Portfolio	92.7	%	91.5	%	91.8	%

(1) Same-Store properties for 2014 represents 47 of our 50 consolidated office buildings owned by us at January 1, 2013 and still owned by us at December 31, 2014.

Rent Growth

We estimated that rents in place at December 31, 2014 for all leases expiring in future periods, excluding triple net leases, in our Manhattan and Suburban consolidated operating properties were 13.6% and 3.2%, respectively, below management's estimates of current market asking rents. Taking rents are typically lower than asking rents and may vary from building to building. We estimated that rents in place at December 31, 2014 for all leases expiring in future periods, excluding triple net leases, in our Manhattan and Suburban operating properties owned through unconsolidated joint ventures were 8.3% and 1.8%, respectively, below management's estimates of current market asking rents. At December 31, 2013, the estimated rents in place for our Manhattan and Suburban consolidated operating properties were 15.4% and 3.4%, respectively, below management's estimates of the then current market asking rents. At December 31, 2013, the estimated rents in place for our Manhattan and Suburban unconsolidated operating properties were 10.7% below and 1.1% above, respectively, management's estimates of the then current market asking rents. As of December 31, 2014, 25.4% and 52.8% of all leases in-place in our Manhattan and

Suburban consolidated operating properties, respectively, were scheduled to expire during the next five years. As of December 31, 2014, 41.0% and 41.8% of all leases in-place in our Manhattan and Suburban operating properties owned through unconsolidated joint ventures, respectively, were also scheduled to expire during the next five years. There can be no assurances that our estimates of current market rents are accurate, that market rents currently prevailing will not erode in the future or that we will realize any rent growth. However, we believe that rents, which in the current portfolio are below market, provide a potential for long-term internal growth.

Industry Segments

The Company is a REIT that acquires, owns, repositions, manages and leases commercial office, retail and multifamily properties in the New York Metropolitan area and has two reportable segments: real estate and debt and preferred equity investments. We evaluate real estate performance and allocate resources based on earnings contribution to income from continuing operations.

Table of Contents

At December 31, 2014, our real estate portfolio was primarily located in one geographical market, the New York Metropolitan area. 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). As of December 31, 2014, one tenant in our office portfolio contributed 10.9% of our office portfolio annualized cash rent. No other tenant contributed more than 7.2% of our office portfolio annualized cash rent. Office portfolio annualized cash rent includes our consolidated annualized cash rent and our share of joint venture annualized cash rent. No property contributed in excess of 9.9% of our consolidated total revenue for 2014. Our industry segments are discussed in Note 22, "Segment Information," in the accompanying consolidated financial statements.

Employees

At December 31, 2014, we employed 1,060 employees, over 180 of who were managers and professionals, 778 of whom were hourly-paid employees involved in building operations and 102 of whom were clerical, data processing and other administrative employees. There are currently six collective bargaining agreements which cover the workforce that services substantially all of our properties.

Highlights from 2014

Our significant activities from 2014 included:

Leasing

- Signing 227 Manhattan office leases covering approximately 2.1 million square feet. The mark-to-market on signed Manhattan office leases was 14.9% higher in 2014 than the previously fully escalated rents on the same spaces.
- Signing 137 Suburban office leases covering approximately 0.8 million square feet. The mark-to-market on signed Suburban office leases was 1.4% higher in 2014 than the previously fully escalated rents on the same spaces.
- Executing a long-term lease with TD Bank to become the office and retail anchor tenant at One Vanderbilt, the Company's proposed tower adjacent to Grand Central Terminal. TD Bank will occupy approximately 200,000 square feet of space in One Vanderbilt, including a flagship retail store on the northeast corner of 42nd Street and Madison Avenue.

Acquisitions

- Closing on the acquisition of our joint venture partner's interest in 388-390 Greenwich Street at a valuation for the consolidated investment of $1.585 billion and simultaneously closing on a $1.45 billion mortgage refinancing of the property.
- Closing on the acquisition of the fee interest at 635 Madison Avenue for $153.7 million.
- Closing on the acquisition of a prime retail condominium at 115 Spring Street for $53.1 million, located along one of SoHo's most popular shopping corridors.
- Together with our joint venture partners, closing on the acquisition of an approximately 140,000 square foot development site at 175-225 Third Street in Gowanus, one of Brooklyn's most exciting and diverse neighborhoods, for $74.6 million. Subsequently, the property was financed with a new $40.0 million floating rate mortgage.
- Together with our joint venture partner, closing on the acquisition of 719 Seventh Avenue for $41.1 million and expanding the Company's retail footprint in Times Square.
- Together with our joint venture partner, closing on the acquisition of the retail condominium at 121 Greene Street in SoHo for $27.4 million, continuing the growth of the Company's prime retail property portfolio.
- Closing on the acquisition and subsequent joint venture of approximately 347,000 square feet of newly constructed vacant commercial condominium units on floors 2 and 22-34 at 55 West 46th Street, as well as a retail store on 46th Street and the building's parking garage and fitness center for $295.0 million. The property has been financed with a new $190.0 million floating rate mortgage.
- Closing on the acquisition of the retail property at 102 Greene Street in SoHo for $32.3 million, continuing the growth of our prime retail property portfolio.
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Closing on the acquisition of additional ownership interests in the approximately 647,000 square foot office condominium at 1745 Broadway, which is leased entirely to Random House, increasing the our ownership to 56.88%.

Dispositions

- Closing on the sale of the leased fee interest in 2 Herald Square for a gross sales price of $365.0 million and recognizing a gain on sale of $18.8 million.

Table of Contents

- Closing on the sale of our leasehold interest in 673 First Avenue for $145.0 million and recognizing a gain on sale of $117.6 million.
- Closing on the sale of the development properties at 985-987 Third Avenue for $68.7 million and recognizing a gain on sale of $29.8 million.
- Closing on the sale of our joint venture interest in 21-25 West 34th Street for an implied gross valuation of $114.9 million and recognizing a gain on sale of $20.9 million.
- Closing on the sale of our joint venture interest in a portfolio of office properties primarily in Southern California for $756.0 million and recognizing a gain on sale of $85.6 million.
- Closing on the sale of our joint venture interest in 747 Madison Avenue for a gross sales price of $160.0 million and recognizing a promote of $10.3 million and a deferred gain on sale of $13.1 million.
- Together with our joint venture partner, closing on the sale of the mixed-use college dormitory/retail asset at 180 Broadway for a gross sales price of $222.5 million and recognizing a promote of $3.3 million and a gain on sale of $16.5 million.
- Together with our joint venture partner, entering into an agreement to sell 180 Maiden Lane for a gross sales price of $470.0 million, which closed in January 2015.

Debt and Preferred Equity Investments

- Originating and retaining, or acquiring, $680.1 million in debt and preferred equity investments, inclusive of accretion of reserves, discounts and pay-in-kind interest, and recording $576.1 million of proceeds from sales, repayments and participations.
- Investing $50.0 million in the construction of a 1,174 unit residential rental project at 605 West 42nd Street. The investment consists of mezzanine loan interests and a fixed-price option for the Company to acquire up to a 20% equity stake in the property.

Offering/Financings

- Expanding the term loan portion of the our $2.0 billion unsecured corporate credit facility by $433.0 million to $833.0 million while reducing the borrowing cost of the facility by 25 basis points and extending the maturity date to June 2019.
- Entering into an agreement to modify and extend the $1.2 billion revolving line of credit portion of our $2.0 billion unsecured corporate credit facility, which extended the maturity date to March 2020, and reduced the cost by 25 basis points, which closed in January 2015.
- Obtaining an upgrade in credit rating to investment grade from Fitch Ratings. This rating coupled with our investment grade rating from Standard & Poor's will allow for future unsecured bond issuances by us to be included in the Barclays U.S Corporate Index.
- Closing on a $300.0 million leasehold mortgage refinancing of 420 Lexington Avenue at a significantly reduced interest rate. The new 10-year, fixed rate loan replaces the previous $181.0 million mortgage.
- Repaying the $146.3 million mortgage on 125 Park Avenue at maturity and prepaying the $114.9 million mortgage on 625 Madison Avenue.
- Together with our joint venture partner, closing on a $360.0 million mortgage refinancing of 100 Park Avenue. The new seven-year, floating rate loan replaces the previous $209.4 million mortgage.
- Together with our joint venture partner, closing on a $275.0 million refinancing of 724 Fifth Avenue. The new three-year, floating rate loan replaces the previous $120.0 million loan.
- Together with our joint venture partner, closing on a $97.0 million floating rate leasehold mortgage at 650 Fifth Avenue.

Table of Contents

ITEM 1A. RISK FACTORS

Declines in the demand for office space in New York City, and in particular midtown Manhattan, as well as our Suburban markets, including Westchester County, Connecticut, New Jersey and Long Island, could adversely affect the value of our real estate portfolio and our results of operations and, consequently, our ability to service current debt and to pay dividends and distributions to security holders.

The majority of our property holdings are comprised of commercial office properties located in midtown Manhattan. Our property holdings also include a number of retail properties and multifamily residential properties. As a result, our business is dependent on the condition of the New York City economy in general and the market for office space in midtown Manhattan in particular. Future weakness and uncertainty in the New York City economy could materially reduce the value of our real estate portfolio and our rental revenues, and thus adversely affect our cash flow and our ability to service current debt and to pay dividends and distributions to security holders. Similarly, future weakness and uncertainty in our suburban markets could adversely affect our cash flow and our ability to service current debt and to pay dividends and distributions to security holders.

We may be unable to renew leases or relet space as leases expire.

When our tenants decide not to renew their leases upon their expiration, we may not be able to relet the space. Even if tenants do renew or we can relet the space, the terms of renewal or reletting, taking into account among other things, the cost of improvements to the property and leasing commissions, may be less favorable than the terms in the expired leases. As of December 31, 2014, approximately 6.3 million and approximately 1.8 million square feet, representing approximately 29.6% and approximately 41.2% of the rentable square feet, are scheduled to expire by December 31, 2019 at our consolidated properties and unconsolidated joint venture properties, respectively, and as of December 31, 2014, these leases had annualized escalated rent totaling $344.9 million and $104.2 million, respectively. We also have leases with termination options beyond 2019. In addition, changes in space utilization by our tenants may impact our ability to renew or relet space without the need to incur substantial costs in renovating or redesigning the internal configuration of the relevant property. If we are unable to promptly renew the leases or relet the space at similar rates or if we incur substantial costs in renewing or reletting the space, our cash flow and ability to service debt obligations and pay dividends and distributions to security holders could be adversely affected.

We face significant competition for tenants.

The leasing of real estate is highly competitive. The principal means of competition are rent, location, services provided and the nature and condition of the facility to be leased. We directly compete with all owners, developers and operators of similar space in the areas in which our properties are located.

Our commercial office properties are concentrated in highly developed areas of midtown Manhattan and certain Suburban central business districts, or CBDs. Manhattan is the largest office market in the United States. The number of competitive office properties in Manhattan and CBDs in which our Suburban properties are located, which may be newer or better located than our properties, could have a material adverse effect on our ability to lease office space at our properties, and on the effective rents we are able to charge.

The expiration of long term leases or operating sublease interests where we do not own a fee interest in the land could adversely affect our results of operations.

Our interests in 420 Lexington Avenue, 461 Fifth Avenue, 711 Third Avenue, 625 Madison Avenue, 1185 Avenue of the Americas and 1080 Amsterdam Avenue, all in Manhattan, and 1055 Washington Avenue, Stamford, Connecticut, are comprised of either long-term leasehold or operating sublease interests in the land and the improvements, rather than by ownership of fee interest in the land.

We have the ability to acquire the fee position at 461 Fifth Avenue for a fixed price on a specific date. The average remaining term of these long-term leases as of December 31, 2014, including our unilateral extension rights on each of the properties, is 46 years. Pursuant to the leasehold arrangements, we, as tenant under the operating sublease, perform the functions traditionally performed by landlords with respect to our subtenants. We are responsible for not only collecting rent from our subtenants, but also maintaining the property and paying expenses relating to the property. Our share of annualized cash rents of the commercial office properties held through long-term leases or operating sublease interests at December 31, 2014 totaled $253.3 million, or 21.1%, of our share of total Portfolio annualized cash rent. Unless we purchase a fee interest in the underlying land or extend the terms of these leases prior to their expiration, we will lose our right to operate these properties upon expiration of the leases, which could adversely affect our financial condition and results of operations.

Adverse economic and geopolitical conditions in general and the commercial office markets in the New York Metropolitan area in particular could have a material adverse effect on our results of operations and financial condition and, consequently, our ability to service debt obligations and to pay dividends and distributions to security holders.

Our business may be affected by volatility in the financial and credit markets and other market or economic challenges experienced by the U.S. economy or real estate industry as a whole. Future periods of economic weakness could result in reduced

Table of Contents

access to credit and/or wider credit spreads. Economic uncertainty, including concern about the growth prospects and the stability of the markets generally, may lead many lenders and institutional investors to reduce, and in some cases, cease to provide funding to borrowers, which could adversely affect our liquidity and financial condition, and the liquidity and financial condition of our tenants. Our business may also be adversely affected by local economic conditions, as substantially all of our revenues are derived from our properties located in the New York Metropolitan area, particularly in New York, New Jersey and Connecticut. Because our portfolio consists primarily of commercial office buildings, located principally in midtown Manhattan, as compared to a more diversified real estate portfolio, if economic conditions deteriorate, then our results of operations, financial condition and ability to service current debt and to pay dividends to our stockholders may be adversely affected. Specifically, our business may be affected by the following conditions:

- significant job losses in the financial and professional services industries which may decrease demand for our office space, causing market rental rates and property values to be negatively impacted;
- our ability to borrow on terms and conditions that we find acceptable may be limited, including as a result of increased credit risk premiums for certain market participants, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from both our existing operations and our acquisition and development activities and increase our future interest expense; and
- reduced values of our properties, which may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans.

We rely on six large properties for a significant portion of our revenue.

Six of our properties, 420 Lexington Avenue, 485 Lexington Avenue, One Madison Avenue, 1185 Avenue of the Americas, 1515 Broadway and 388-390 Greenwich Street, accounted for 42.2% of our Portfolio annualized cash rent, which includes our share of joint venture annualized cash rent as of December 31, 2014. Our revenue and cash available to service debt obligations and for distribution to our stockholders would be materially adversely affected if any of these properties were materially damaged or destroyed. Additionally, our revenue and cash available to service debt obligations and for distribution to our stockholders would be materially adversely affected if tenants at these properties fail to timely make rental payments due to adverse financial conditions or otherwise, default under their leases or file for bankruptcy or become insolvent.

Our results of operations rely on major tenants and insolvency or bankruptcy of these or other tenants could adversely affect our results of operations.

Giving effect to leases in effect as of December 31, 2014 for consolidated properties and unconsolidated joint venture properties, as of that date, our five largest tenants, based on annualized cash rent, accounted for 27.4% of our share of Portfolio annualized cash rent, with three tenants, Citigroup, Inc., Viacom International Inc., and Credit Suisse Securities (USA) LLC accounting for 10.9%, 7.2%, and 5.6% of our share of Portfolio annualized cash rent, respectively. Our business and results of operations would be adversely affected if any of our major tenants became insolvent, declared bankruptcy, or otherwise refused to pay rent in a timely fashion or at all. In addition, if current conditions in the industries in which our tenants are concentrated deteriorate, we may experience increases in past due accounts, defaults, lower occupancy and reduced effective rents across tenants in such industries, which could in turn have an adverse effect on our business and results of operations.

We may suffer adverse consequences if our revenues decline since our operating costs do not necessarily decline in proportion to our revenue.

We earn a significant portion of our income from renting our properties. Our operating costs, however, do not necessarily fluctuate in direct proportion to changes in our rental revenue. As a result, our costs will not necessarily decline even if our revenues do. In such event, we may be forced to borrow to cover our costs, we may incur losses or we may not have cash available to service our debt and to pay dividends and distribution to our security holders.

We face risks associated with property acquisitions.

We may acquire interests in properties, individual properties and portfolios of properties, including large portfolios that could significantly increase our size and alter our capital structure. Our acquisition activities may be exposed to, and their success may be adversely affected by, the following risks:

- we may be unable to meet required closing conditions;
- we may be unable to finance acquisitions and developments of properties on favorable terms or at all;
- we may be unable to lease our acquired properties on the same terms or to the same level of occupancy as our existing properties;
- acquired properties may fail to perform as we expected;

Table of Contents

- we may expend funds on, and devote management time to, acquisition opportunities which we do not complete, which may include non-refundable deposits;
- our estimates of the costs we incur in renovating, improving, developing or redeveloping acquired properties may be inaccurate;
- we may not be able to obtain adequate insurance coverage for acquired properties;
- acquired properties may be located in new markets where we may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures and may increase the risks associated with concentration of clients and geographies; and
- we may be unable to quickly and efficiently integrate new acquisitions and developments, particularly acquisitions of portfolios of properties, into our existing operations, and therefore our results of operations and financial condition could be adversely affected.

We may acquire properties subject to both known and unknown liabilities and without any recourse, or with only limited recourse to the seller. As a result, if a liability were asserted against us arising from our ownership of those properties, we might have to pay substantial sums to settle it, which could adversely affect our cash flow. Unknown liabilities with respect to properties acquired might include:

- claims by tenants, vendors or other persons arising from dealing with the former owners of the properties;
- liabilities incurred in the ordinary course of business;
- claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties; and
- liabilities for clean-up of undisclosed environmental contamination.

Competition for acquisitions may reduce the number of acquisition opportunities available to us and increase the costs of those acquisitions.

We plan to continue to acquire properties as we are presented with attractive opportunities. We may face competition for acquisition opportunities from other investors, particularly those investors who are willing to incur more leverage, and this competition may adversely affect us by subjecting us to the following risks:

- an inability to acquire a desired property because of competition from other well-capitalized real estate investors, including publicly traded and privately held REITs, private real estate funds, domestic and foreign financial institutions, life insurance companies, sovereign wealth funds, pension trusts, partnerships and individual investors; and
- an increase in the purchase price for such acquisition property.

If we are unable to successfully acquire additional properties, our ability to grow our business could be adversely affected. In addition, increases in the cost of acquisition opportunities could adversely affect our results of operations.

We are seeking approval to construct a large, ground-up development project at One Vanderbilt Avenue.

We are currently seeking approval to commence a large development project at One Vanderbilt Avenue on parcels owned by the Company. If we are unable to obtain approval for our proposed project, we may not realize the benefit of the significant costs and expenses incurred to date in the approvals process, and we would need to modify our plans for the assemblage. If the project is approved, the development will not be completed for several years. This extended time frame could cause the project to be subject to shifts in market, leasing or geographic trends that are not consistent with our current business plans for this property.

We are subject to risks that affect the retail environment.

Approximately 3.8% of our Portfolio annualized cash rent is generated by retail properties, principally in Manhattan. As a result, we are subject to risks that affect the retail environment generally, including the level of consumer spending, consumer confidence and levels of tourism in Manhattan. These factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our retail properties, which could in turn have an adverse effect on our business and results of operations.

The occurrence of a terrorist attacks may adversely affect the value of our properties and our ability to generate cash flow.

Our operations are primarily concentrated in midtown Manhattan. In the aftermath of a terrorist attack or other acts of terrorism or war, tenants in the New York Metropolitan area may choose to relocate their business to less populated, lower-profile areas of the United States that those tenants believe are not as likely to be targets of future terrorist activity. In addition, economic activity could decline as a result of terrorist attacks or other acts of terrorism or war, or the perceived threat of such acts. Each of these impacts could in turn could trigger a decrease in the demand for space in the New York Metropolitan area, which could

Table of Contents

increase vacancies in our properties and force us to lease our properties on less favorable terms. Furthermore, we may also experience increased costs in relation to security equipment and personnel. As a result, the value of our properties and our results of operations could materially decline.

Potential losses may not be covered by insurance.

We maintain “all-risk” property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism) within three property insurance portfolios and liability insurance. As of December 31, 2014, the first property portfolio maintained a blanket limit of $950.0 million per occurrence, including terrorism, for the majority of the New York City properties in our portfolio. The second portfolio maintains a limit of $700.0 million per occurrence, including terrorism, for several New York City properties and the majority of the Suburban properties. Both policies expire on December 31, 2015. Each policy includes $100.0 million of flood coverage, with a lower sublimit for locations in high hazard flood zones. A third blanket property policy covers most of our residential assets and maintains a limit of $380 million per occurrence, including terrorism, for our residential properties and expires January 31, 2016. We maintain two liability policies which cover all our properties and provide limits of $201.0 million per occurrence and in the aggregate per location. The liability policies expire on October 31, 2015 and January 31, 2016. Additional coverage may be purchased on a stand-alone basis for certain assets. Although we consider our insurance coverage to be appropriate, in the event of a major catastrophe, we may not have sufficient coverage to replace certain properties.

Our wholly-owned taxable REIT subsidiary, Belmont Insurance Company, or Belmont, acts as a captive insurance company and as one of the elements of our overall insurance program. Belmont was formed in an effort to, among other reasons, stabilize to some extent the impact on us of fluctuations of insurance market conditions. Belmont is licensed in New York to write Terrorism, NBCR (nuclear, biological, chemical, and radiological), General Liability, Environmental Liability, Flood, and D&O coverage. As long as we own Belmont, we are responsible for its liquidity and capital resources, and the accounts of Belmont are part of our consolidated financial statements. If we experience a loss and Belmont is required to pay a claim under our insurance policy, we would ultimately record the loss to the extent of Belmont’s required payment. Belmont is not reinsured by a third-party. Therefore, insurance coverage provided by Belmont should not be considered as the equivalent of third-party insurance, but rather as a modified form of self-insurance.

The Terrorism Risk Insurance Act, or TRIA, which was enacted in November 2002, was renewed December 31, 2005 and again on December 31, 2007. Congress extended TRIA, now called TRIPRA (Terrorism Risk Insurance Program Reauthorization and Extension Act of 2007) until December 31, 2014. TRIPRA was not renewed by Congress and expired on December 31, 2014. However, on January 12, 2015, TRIPRA was reauthorized until December 31, 2020 (Terrorism Insurance Program Reauthorization and Extension Act of 2015). The law extends the federal Terrorism Insurance Program that requires insurance companies to offer terrorism coverage and provides for compensation for insured losses resulting from acts of certified terrorism, subject to the current program trigger of $100.0 million, which will increase by $20 million per annum, commencing December 31, 2015. There is no assurance that TRIPRA will be extended. Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), mezzanine loans, ground leases, our 2012 credit facility, senior unsecured notes and other corporate obligations, contain customary covenants requiring us to maintain insurance. Although we believe that we currently maintain sufficient insurance coverage to satisfy these obligations, there is no assurance that in the future we will be able to procure coverage at a reasonable cost. In such instances, there can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from “all-risk” insurance coverage for losses due to, for example, terrorist acts is a breach of these debt and ground lease instruments allowing the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions. In addition, if lenders require greater coverage that we are unable to obtain at commercially reasonable rates, we may incur substantially higher insurance premiums or our ability to finance our properties and expand our portfolio may be adversely impacted.

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 requiring them to maintain adequate coverage and we monitor these policies, such coverage ultimately may not be maintained or adequately cover our risk of loss. Additionally, we may have less protection than with respect to the properties where we obtain coverage directly.

We face possible risks associated with the natural disasters and the physical effects of climate change.

We are subject to the risks associated with natural disasters and the physical effects of climate change, which can include storms, hurricanes and flooding, any of which could have a material adverse effect on our properties, operations and business. To the extent climate change causes changes in weather patterns, our markets could experience increases in storm intensity and rising sea-levels. Over time, these conditions could result in declining demand for office space in our buildings or the inability of us to operate the buildings at all. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable, increasing the cost of energy at our properties and requiring us to expend funds as we seek to repair and protect our properties against such risks. There can be no assurance that climate change will not have a material adverse effect on our properties, operations or business.

Table of Contents

Leasing office space to smaller and growth-oriented businesses could adversely affect our cash flow and results of operations.

Some of the tenants in our properties are smaller, growth-oriented businesses that may not have the financial strength of larger corporate tenants. Smaller companies generally experience a higher rate of failure than large businesses. Growth-oriented firms may also seek other office space as they develop. Leasing office space to these companies could create a higher risk of tenant defaults, turnover and bankruptcies, which could adversely affect our cash flow and results of operations as well as our ability to make dividends or distributions to our security holders.

SL Green depends on dividends and distributions from its direct and indirect subsidiaries.

Substantially all of our assets are held through our Operating Partnership that holds substantially all of its properties and assets through subsidiaries. Our Operating Partnership’s cash flow is dependent on cash distributions to it by its subsidiaries, and in turn, substantially all of SL Green's cash flow is dependent on cash distributions to it by our Operating Partnership. The creditors of each of our direct and indirect subsidiaries are entitled to payment of that subsidiary’s obligations to them, when due and payable, before distributions may be made by that subsidiary to its equity holders.

Therefore, our Operating Partnership’s ability to make distributions to holders of its partnership units depends on its subsidiaries’ ability first to satisfy their obligations to their creditors and then to make distributions to our Operating Partnership. Likewise, SL Green's ability to pay dividends to holders of common stock and preferred stock depends on our Operating Partnership’s ability first to satisfy its obligations to its creditors and make distributions payable to holders of preferred units and then to make distributions to SL Green.

Furthermore, the holders of preferred partnership units of our Operating Partnership are entitled to receive preferred distributions before payment of distributions to holders of common units of our Operating Partnership, including SL Green. Thus, SL Green’s ability to pay cash dividends to its shareholders and satisfy its debt obligations depends on our Operating Partnership’s ability first to satisfy its obligations to its creditors and make distributions to holders of its preferred partnership units and then to holders of its common units, including SL Green.

In addition, SL Green’s participation in any distribution of the assets of any of its direct or indirect subsidiaries upon the liquidation, reorganization or insolvency, is only after the claims of the creditors, including trade creditors and preferred security holders, are satisfied.

Debt financing, financial covenants, degree of leverage, and increases in interest rates could adversely affect our economic performance.

Scheduled debt payments could adversely affect our results of operations.

Cash flow could be insufficient to pay dividends and meet the payments of principal and interest required under our current mortgages and other indebtedness, including our 2012 credit facility, senior unsecured notes, debentures and indebtedness outstanding at our joint venture properties. The total principal amount of our outstanding consolidated indebtedness was $8.5 billion as of December 31, 2014, consisting of $1.3 billion under our 2012 credit facility, which is inclusive of our $833.0 million term loan, $1.3 billion under our senior unsecured notes, $100.0 million of junior subordinated deferrable interest debentures and $5.8 billion of non-recourse mortgages and loans payable on 18 of our properties and certain debt and preferred equity investments, and recourse loans on one of our investments. In addition, we could increase the amount of our outstanding consolidated indebtedness in the future, in part by borrowing under our 2012 credit facility. Our 2012 credit facility in aggregate currently matures in March 2018, which includes two six-month extension options on the $1.2 billion revolving credit facility component of the facility. In December 2014, we received lender commitments sufficient to modify and extend the revolving credit facility from March 2018 to March 2020 and to reduce the margin by 25 basis points. This modification took effect in the first quarter of 2015. As of December 31, 2014, the total principal amount of non-recourse indebtedness outstanding at the joint venture properties was $3.8 billion, of which our proportionate share was $1.6 billion. As of December 31, 2014, the total principal amount of recourse indebtedness outstanding at one of our unconsolidated joint venture properties was $18.4 million.

If we are unable to make payments under our 2012 credit facility, all amounts due and owing at such time shall accrue interest at a rate equal to 2% higher than the rate at which each draw was made. If we are unable to make payments under our senior unsecured notes, the principal and unpaid interest will become immediately payable. If a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose on the property, resulting in loss of income and asset value. Foreclosure on mortgaged properties or an inability to make payments under our 2012 credit facility or our senior unsecured notes could trigger defaults under the terms of our other financings, making such financings at risk of being declared immediately payable, and would have a negative impact on our financial condition and results of operations.

We may not be able to refinance existing indebtedness, which may require substantial principal payments at maturity.

In 2015, $100.0 million under the master repurchase agreement facility, $120.0 million of mortgage debt on our consolidated properties and $44.7 million of mortgage debt representing the portion of unconsolidated joint venture properties attributable to us matures. At the present time we intend to exercise extension options, repay or refinance the debt associated with our properties on or prior to their respective maturity dates. At the time of refinancing, prevailing interest rates or other factors, such as the possible reluctance of lenders to make commercial real estate loans, may result in higher interest rates. Increased interest expense on the extended or refinanced debt would adversely affect cash flow and our ability to service debt obligations and pay dividends and distributions to security holders. If any principal payments due at maturity cannot be repaid, refinanced or extended, our cash flow will not be sufficient to repay maturing or accelerated debt.

Financial covenants could adversely affect our ability to conduct our business.

The mortgages and mezzanine loans on our properties generally contain customary negative covenants that limit our ability to further mortgage the properties, to enter into material leases without lender consent or materially modify existing leases, among other things. In addition, our 2012 credit facility and senior unsecured notes contain restrictions and requirements on our method of operations. Our 2012 credit facility and our unsecured notes also require us to maintain designated ratios, including but not limited to, total debt-to-assets, debt service coverage and unencumbered assets-to-unsecured debt. These restrictions could adversely affect operations (including reducing our flexibility and our ability to incur additional debt), our ability to pay debt obligations and our ability to pay dividends and distributions to security holders.

Rising interest rates could adversely affect our cash flow.

Advances under our 2012 credit facility and certain property-level mortgage debt bear interest at a variable rate. Our consolidated variable rate borrowings totaled $2.3 billion at December 31, 2014. In addition, we could increase the amount of our outstanding variable rate debt in the future, in part by borrowing additional amounts under our 2012 credit facility, which consisted of a $1.2 billion revolving credit facility and $833.0 million term loan. Borrowings under our revolving credit facility and term loan bore interest at the 30-day LIBOR, plus spreads of 145 basis points and 140 basis points, respectively, at December 31, 2014. As of December 31, 2014, borrowings under our 2012 credit facility and junior subordinated deferrable interest debentures totaled $1.3 billion and $100.0 million, respectively, and bore weighted average interest at 1.65% and 5.61%, respectively. We may incur indebtedness in the future that also bears interest at a variable rate or may be required to refinance our debt at higher rates. At December 31, 2014, a hypothetical 100 basis point increase in interest rates across each of our variable interest rate instruments would increase our annual interest costs by $15.2 million and would increase our share of joint venture annual interest costs by $8.1 million. Our joint ventures may also incur variable rate debt and face similar risks. Accordingly, increases in interest rates could adversely affect our results of operations and financial conditions and our ability to continue to pay dividends and distributions to security holders.

Failure to hedge effectively against interest rate changes may adversely affect results of operations.

The interest rate hedge instruments we use to manage some of our exposure to interest rate volatility involve risk and counterparties may fail to honor their obligations under these arrangements. In addition, these arrangements may not be effective in reducing our exposure to interest rate changes and when existing interest rate hedges terminate, we may incur increased costs in putting in place further interest rate hedges. Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

Increases in our level of indebtedness could adversely affect our stock price.

Our organizational documents do not contain any limitation on the amount of indebtedness we may incur. As of December 31, 2014, assuming the conversion of all outstanding units of the Operating Partnership into shares of SL Green's common stock, our combined debt-to-market capitalization ratio, including our share of joint venture debt of $1.6 billion, was 44.8%. Our market capitalization is variable and does not necessarily reflect the fair market value of our assets at all times. We also consider factors other than market capitalization in making decisions regarding the incurrence of indebtedness, such as the purchase price of properties to be acquired with debt financing, the estimated market value of our properties upon refinancing and the ability of particular properties and our business as a whole to generate cash flow to cover expected debt service. Any changes that increase our debt to market capitalization percentage could be viewed negatively by investors. As a result, our stock price could decrease.

A downgrade in our credit ratings could materially adversely affect our business and financial condition.

Our credit rating and the credit ratings assigned to our debt securities and our preferred stock could change based upon, among other things, our results of operations and financial condition. These ratings are subject to ongoing evaluation by credit rating agencies, and any rating could be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant such action. Moreover, these credit ratings are not recommendations to buy, sell or hold our common stock or any other securities. If any of the credit rating agencies that have rated our securities downgrades or lowers its credit rating, or if any credit rating agency indicates that it has placed any such rating on a “watch list” for a possible downgrading or lowering, or otherwise indicates that its outlook for that rating is negative, such action could have a material adverse effect on our costs and availability of funding, which could in turn have a material adverse effect on our financial condition, results of operations, cash flows, the trading price of our securities and our ability to satisfy our debt service obligations and to pay dividends and distributions to our security holders.

Table of Contents

Debt and preferred equity investments could cause us to incur expenses, which could adversely affect our results of operations.

We held first mortgages, mezzanine loans, junior participations and preferred equity interests in 36 investments with an aggregate net book value of $1.4 billion at December 31, 2014. Some of these instruments may be recourse to their sponsors, while others are limited to the collateral securing the loan. In the event of a default under these obligations, we may have to take possession of the collateral securing these interests. Borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce their obligations to us. Declines in the value of the property may prevent us from realizing an amount equal to our investment upon foreclosure or realization even if we make substantial improvements or repairs to the underlying real estate in order to maximize such property's investment potential. In addition, we may invest in mortgage-backed securities and other marketable securities.

We maintain and regularly evaluate the need for reserves to protect against potential future losses. Our reserves reflect management's judgment of the probability and severity of losses and the value of the underlying collateral. We cannot be certain that our judgment will prove to be correct and that our reserves will be adequate over time to protect against future losses because of unanticipated adverse changes in the economy or events adversely affecting specific properties, assets, tenants, borrowers, industries in which our tenants and borrowers operate or markets in which our tenants and borrowers or their properties are located. As of December 31, 2014, we had no recorded reserves for possible credit losses. If our reserves for credit losses prove inadequate, we could suffer losses which would have a material adverse effect on our financial performance, the market prices of our securities and our ability to pay dividends and distributions to security holders.

Joint investments could be adversely affected by our lack of sole decision-making authority and reliance upon a co-venturer's financial condition.

We co-invest with third parties through partnerships, joint ventures, co-tenancies or other structures, and by acquiring non-controlling interests in, or sharing responsibility for managing the affairs of, a property, partnership, joint venture, co-tenancy or other entity. Therefore, we may not be in a position to exercise sole decision-making authority regarding such property, partnership, joint venture or other entity. Investments in partnerships, joint ventures, or other entities may involve risks not present were a third party not involved, including the possibility that our partners, co-tenants or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions. Additionally, our partners or co-venturers might at any time have economic or other business interests or goals which are competitive or inconsistent with our business interests or goals. These investments may also have the potential risk of impasses on decisions such as a sale, because neither we, nor the partner, co-tenant or co-venturer would have full control over the partnership or joint venture. In addition, we may in specific circumstances be liable for the actions of our third-party partners, co-tenants or co-venturers. As of December 31, 2014, our unconsolidated joint ventures owned 22 properties and we had an aggregate cost basis in these joint ventures totaling $1.2 billion. As of December 31, 2014, our share of unconsolidated joint venture debt, which is non-recourse to us, totaled $1.6 billion. As of December 31, 2014, our share of unconsolidated joint venture debt, which is recourse to us, totaled $18.4 million.

Certain of our joint venture agreements contain terms in favor of our partners that could have an adverse effect on the value of our investments in the joint ventures.

Each of our joint venture agreements has been individually negotiated with our partner in the joint venture and, in some cases, we have agreed to terms that are more favorable to our partner in the joint venture than to us. For example, our partner may be entitled to a specified portion of the profits of the joint venture before we are entitled to any portion of such profits. We may also enter into similar arrangements in the future. These rights may permit our partner in a particular joint venture to obtain a greater benefit from the value or profits of the joint venture than us, which could have an adverse effect on the value of our investment in the joint venture and on our financial condition and results of operations.

We may incur costs to comply with environmental and health and safety laws.

We are subject to various federal, state and local environmental and health and safety laws which change from time to time. These laws regulate, among other things, air and water quality, our use, storage, disposal and management of hazardous substances and wastes and can impose liability on current and former property owners or operators for the clean-up of certain hazardous substances released on a property and any associated damage to natural resources without regard to whether the release was in compliance with law or whether it was caused by, or known to, the property owner or operator. The presence of hazardous substances on our properties may adversely affect occupancy and our ability to develop or sell or borrow against those properties. In addition to potential liability for clean-up costs, private plaintiffs may bring claims for personal injury, property damage or for similar reasons. Various laws also impose liability for the clean-up of contamination at any facility (e.g., a landfill) to which we have sent hazardous substances for treatment or disposal, without regard to whether the materials were transported, treated and disposed in accordance with law. Being held responsible for such a clean-up could result in significant cost to us and have a material adverse effect on our financial condition and results of operations.

Table of Contents

We may incur significant costs complying with the Americans with Disabilities Act and other regulatory and legal requirements.

Our properties may be subject to risks relating to current or future laws including laws benefiting disabled persons, and other state or local zoning, construction or other regulations. These laws may require significant property modifications in the future, which could result in fines being levied against us in the future. The occurrence of any of these events could have an adverse impact on our cash flows and ability to pay dividends to stockholders.

Under the Americans with Disabilities Act, or ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. Additional federal, state and local laws also may require modifications to our properties, or restrict our ability to renovate our properties. We have not conducted an audit or investigation of all of our properties to determine our compliance with laws and regulations to which we are subject. If one or more of our properties is not in compliance with the material provisions of the ADA or other legislation, then we may be required to incur additional costs to bring the property into compliance with the ADA or state or local laws. We cannot predict the ultimate amount of the cost of compliance with ADA or other legislation. If we incur substantial costs to comply with the ADA and any other legislation, our financial condition, results of operations and cash flow and/or ability to satisfy our debt service obligations and to pay dividends and distributions to security holders could be adversely affected.

Our charter documents, debt instruments and applicable law may hinder any attempt to acquire us, which could discourage takeover attempts and prevent our stockholders from receiving a premium over the market price of our stock.

Provisions of SL Green's charter and bylaws could inhibit changes in control.

A change of control of our company could benefit stockholders by providing them with a premium over the then-prevailing market price of our stock. However, provisions contained in SL Green's charter and bylaws may delay or prevent a change in control of our company. These provisions, discussed more fully below, are:

- staggered board of directors;
- ownership limitations; and
- the board of directors' ability to issue additional common stock and preferred stock without stockholder approval.

SL Green's board of directors is staggered into three separate classes.

SL Green's board of directors is divided into three classes, with directors in each such class serving staggered three year terms. The terms of the class I, class II and class III directors expire in 2016, 2017 and 2015, respectively. Our staggered board may deter a change in control because of the increased time period necessary for a third-party to acquire control of the board.

We have a stock ownership limit.

To remain qualified as a REIT for federal income tax purposes, not more than 50% in value of our outstanding capital stock may be owned by five or fewer individuals at any time during the last half of any taxable year. For this purpose, stock may be "owned" directly, as well as indirectly under certain constructive ownership rules, including, for example, rules that attribute stock held by one shareholder to another shareholder. In part to avoid violating this rule regarding stock ownership limitations and maintain our REIT qualification, SL Green's charter prohibits ownership by any single stockholder of more than 9.0% in value or number of shares of its common stock. Limitations on the ownership of preferred stock may also be imposed by us.

SL Green's board of directors has the discretion to raise or waive this limitation on ownership for any stockholder if deemed to be in our best interest. To obtain a waiver, a stockholder must present the board and our tax counsel with evidence that ownership in excess of this limit will not affect our present or future REIT status.

Absent any exemption or waiver, stock acquired or held in excess of the limit on ownership will be transferred to a trust for the exclusive benefit of a designated charitable beneficiary, and the stockholder's rights to distributions and to vote would terminate. The stockholder would be entitled to receive, from the proceeds of any subsequent sale of the shares transferred to the charitable trust, the lesser of: the price paid for the stock or, if the owner did not pay for the stock, the market price of the stock on the date of the event causing the stock to be transferred to the charitable trust; and the amount realized from the sale.

This limitation on ownership of stock could delay or prevent a change in control of our company.

Debt may not be assumable.

We had $8.5 billion in consolidated debt as of December 31, 2014. Certain of this debt in not assumable by a potential purchaser and may be subject to significant prepayment penalties. These limitations could deter a change in control of our company.

Maryland takeover statutes may prevent a change of control of our company, which could depress our stock price.

Table of Contents

Under the Maryland General Corporation Law, or the MGCL, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, stock exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the corporation's outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approves in advance the transaction by which he otherwise would have become an interested stockholder.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation, voting together as a single group; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

The business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer, including potential acquisitions that might involve a premium price for SL Green's common stock or otherwise be in the best interest of our stockholders.

In addition, Maryland law provides that holders of "control shares" of a Maryland corporation acquired in a "control share acquisition" will not have voting rights with respect to the control shares except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock owned by the acquiror, by officers of the corporation or by directors who are employees of the corporation, under the Maryland Control Share Acquisition Act. "Control shares" means voting shares of stock that, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power: (i) one-tenth or more but less than one-third; (ii) one-third or more but less than a majority; or (iii) a majority or more of all voting power. A "control share acquisition" means the acquisition of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

We have opted out of these provisions of the MGCL, with respect to business combinations and control share acquisitions, by resolution of SL Green's board of directors and a provision in SL Green's bylaws, respectively. However, in the future, SL Green's board of directors may reverse its decision by resolution and elect to opt in to the MGCL's business combination provisions, or amend SL Green's bylaws and elect to opt in to the MGCL's control share provisions.

Additionally, the MGCL permits SL Green's board of directors, without stockholder approval and regardless of what is provided in SL Green's charter or bylaws, to implement takeover defenses, some of which have not been implemented by SL Green's board of directors. Such takeover defenses, if implemented, may have the effect of inhibiting a third party from making us an acquisition proposal or of delaying, deferring or preventing a change in our control under circumstances that otherwise could provide our stockholders with an opportunity to realize a premium over the then-current market price.

Future issuances of common stock, preferred stock and convertible debt could dilute existing stockholders' interests.

SL Green's charter authorizes its board of directors to issue additional shares of common stock, preferred stock and convertible equity or debt without stockholder approval and without the requirement to offer rights of pre-emption to existing stockholders. Any such issuance could dilute our existing stockholders' interests. Also, any future series of preferred stock may have voting provisions that could delay or prevent a change of control of our company.

Changes in market conditions could adversely affect the market price of SL Green's common stock.

As with other publicly traded equity securities, the value of SL Green's common stock depends on various market conditions, which may change from time to time. In addition to the current economic environment and future volatility in the securities and credit markets, the following market conditions may affect the value of SL Green's common stock:

- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our financial performance; and

Table of Contents

- general stock and bond market conditions.

The market value of SL Green's common stock is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash dividends. Consequently, SL Green's common stock may trade at prices that are higher or lower than our net asset value per share of common stock. If our future earnings or cash dividends are less than expected, the market price of SL Green's common stock could diminish.

The trading price of SL Green's common stock has been and may continue to be subject to wide fluctuations. Between January 1, 2014 and December 31, 2014, the closing sale price of SL Green's common stock on the New York Stock Exchange, or the NYSE, ranged from $90.96 to $123.10 per share. Our stock price may fluctuate in response to a number of events and factors, such as those described elsewhere in this "Risk Factors" section. Additionally, the amount of our leverage may hinder the demand for our common stock, which could have a material adverse effect on the market price of our common stock.

Market interest rates may have an effect on the value of SL Green's common stock.

If market interest rates go up, prospective purchasers of shares of SL Green's common stock may expect a higher distribution rate on SL Green's common stock. However, higher market interest rates would not likely result in more funds for us to distribute and could increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of SL Green's common stock to decrease.

Limitations on our ability to sell or reduce the indebtedness on specific mortgaged properties could adversely affect the value of SL Green's common stock.

In connection with past and future acquisitions of interests in properties, we have or may agree to restrictions on our ability to sell or refinance the acquired properties for certain periods. These limitations could result in us holding properties which we would otherwise sell, or prevent us from paying down or refinancing existing indebtedness, any of which may have adverse consequences on our business and result in a material adverse effect on our financial condition and results of operations.

We face potential conflicts of interest.

There are potential conflicts of interest between us and Stephen L. Green.

There is a potential conflict of interest relating to the disposition of certain property contributed to us by Stephen L. Green, and affiliated entities in our initial public offering. Mr. Green serves as the chairman of SL Green's board of directors and is an executive officer. If we sell a property in a transaction in which a taxable gain is recognized, for tax purposes the built-in gain would be allocated solely to him and not to us. As a result, Mr. Green has a conflict of interest if the sale of a property he contributed is in our best interest but not his.

In addition, Mr. Green's tax basis includes his share of debt, including mortgage indebtedness, owed by the Operating Partnership. If the Operating Partnership were to retire such debt, then he would experience a decrease in his share of liabilities, which, for tax purposes, would be treated as a distribution of cash to him. To the extent the deemed distribution of cash exceeded his tax basis, he would recognize gain. As a result, Mr. Green has a conflict of interest if the refinancing of indebtedness is in our best interest but not his.

Members of management may have a conflict of interest over whether to enforce terms of agreements with entities which Mr. Green, directly or indirectly, has an affiliation.

Through Alliance Building Services, or Alliance, First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services, Classic Security LLC provides security services, Bright Star Couriers LLC provides messenger services, and Onyx Restoration Works provides restoration services with respect to certain properties owned by us. Alliance is partially owned by Gary Green, a son of Stephen L. Green, the chairman of SL Green's board of directors. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. Our company and our tenants accounted for 14.6% of Alliance's 2014 estimated total revenue. While we believe that the contracts pursuant to which these services are provided were the result of arm's length negotiations, there can be no assurance that the terms of such agreements, or dealings between the parties during the performance of such agreements, will be as favorable to us as those which could be obtained from unaffiliated third parties providing comparable services under similar circumstances. In addition, to the extent that we choose to enforce our rights under any of these agreements, we may determine to pursue available remedies, such as actions for damages or injunctive relief, less vigorously than we otherwise might because of our desire to maintain our ongoing relationship with Gary Green.

Table of Contents

Members of management may have a conflict of interest over whether to enforce terms of senior management's employment and noncompetition agreements.

Stephen L. Green, Marc Holliday, Andrew Mathias, Andrew Levine and Matthew DiLiberto entered into employment and noncompetition agreements with us pursuant to which they have agreed not to actively engage in (i) the acquisition, development, management, leasing or financing of office real estate in the New York City Metropolitan area (in the case of Stephen Green) and (ii) the acquisition, development, management, leasing or financing of any office real estate throughout the United States and any multifamily residential or retail real estate located in Manhattan. For the most part, these restrictions apply to the executive both during his employment and for a period of time thereafter. Each executive is also prohibited from otherwise disrupting or interfering with our business through the solicitation of our employees or clients or otherwise. To the extent that we choose to enforce our rights under any of these agreements, we may determine to pursue available remedies, such as actions for damages or injunctive relief, less vigorously than we otherwise might because of our desire to maintain our ongoing relationship with the individual involved. Additionally, the non-competition provisions of these agreements, despite being limited in scope and duration, could be difficult to enforce, or may be subject to limited enforcement, should litigation arise over them in the future. Mr. Green also has interests in two properties in Manhattan, which are exempt from the non-competition provisions of his employment and non-competition agreement.

SL Green's failure to qualify as a REIT would be costly and would have a significant effect on the value of our securities.

We believe we have operated in a manner for SL Green to qualify as a REIT for federal income tax purposes and intend to continue to so operate. Many of the REIT compliance requirements, however, are highly technical and complex. The determination that SL Green is a REIT requires an analysis of factual matters and circumstances. These matters, some of which are not totally within our control, can affect SL Green's qualification as a REIT. For example, to qualify as a REIT, at least 95% of our gross income must come from designated sources that are listed in the REIT tax laws. We are also required to distribute to stockholders at least 90% of our REIT taxable income excluding capital gains. The fact that we hold our assets through the Operating Partnership and its subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize our REIT status. Furthermore, Congress and the Internal Revenue Service, or the IRS, might make changes to the tax laws and regulations, and the courts might issue new rulings that make it more difficult, or impossible, for us to remain qualified as a REIT.

If SL Green fails to qualify as a REIT, this would substantially reduce the funds available for distribution to our stockholders because we would not be allowed a deduction for dividends paid to our stockholders in computing our taxable income and would be subject to federal income tax at regular corporate rates and we could be subject to the federal alternative minimum tax and possibly increased state and local taxes.

Also, unless the IRS grants us relief under specific statutory provisions, SL Green would remain disqualified as a REIT for four years following the year in which SL Green first failed to qualify. If SL Green failed to qualify as a REIT, SL Green would have to pay significant income taxes and would therefore have less money available for investments, to service debt obligations or to pay dividends and distributions to security holders. This would likely have a significant adverse effect on the value of our securities. In addition, the REIT tax laws would no longer obligate us to make any distributions to stockholders. As a result of all these factors, if SL Green fails to qualify as a REIT, this could impair our ability to expand our business and raise capital.

We may in the future pay taxable dividends on SL Green's common stock in common stock and cash.

We obtained a favorable ruling from the IRS pursuant to which we may pay taxable dividends partly in cash and partly in shares of our common stock with respect to our 2014, 2015, and 2016 taxable years, so long as we follow the procedures set forth in the ruling. We paid all of our 2014 dividends entirely in the form of cash. However, we may pay a portion of our 2015 or 2016 dividends on our common stock with a combination of cash and shares of our common stock. If we pay such a dividend, taxable stockholders would be required to include the entire amount of the dividend, including the portion paid with shares of common stock, as ordinary income to the extent of our current and accumulated earnings and profits, and may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividend, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders sell shares of SL Green's common stock in order to pay taxes owed on dividends, such sales could put downward pressure on the market price of SL Green's common stock. SL Green's board of directors will continue to evaluate our dividend policy on a quarterly basis as it monitors the capital markets and the impact of the economy on our operations. The decision to authorize and pay dividends on SL Green's common stock in the future, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of SL Green's board of directors in light of conditions then existing, including the Company's earnings, financial condition, capital requirements, debt maturities, the availability of capital, applicable REIT and legal restrictions and general overall economic conditions and other factors.

Table of Contents

We are dependent on external sources of capital.

We need a substantial amount of capital to operate and grow our business, which need is exacerbated by the distribution requirements imposed on us for SL Green to qualify as a REIT, and it is not likely that we will be able to fund all future capital needs, including acquisitions, from income from operations. We therefore rely on third-party sources of capital, which may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings. In addition, we anticipate raising money in the public equity and debt markets with some regularity and our ability to do so will depend upon the general conditions prevailing in these markets. At any time conditions may exist which effectively prevent us, or REITs in general, from accessing these markets. Moreover, additional equity offerings may result in substantial dilution of our stockholders' interests, and additional debt financing may substantially increase our leverage.

Loss of our key personnel could harm our operations and our stock price.

We are dependent on the efforts of Marc Holliday, our chief executive officer, and Andrew Mathias, our president. These officers have employment agreements which expire in January 2016 and December 2016, respectively. A loss of the services of either of these individuals could adversely affect our operations and could be negatively perceived by the market resulting in a decrease in our stock price.

Our business and operations would suffer in the event of system failures or cyber security attacks.

Despite system redundancy, the implementation of security measures and the existence of a disaster recovery plan for our internal information technology systems, our systems are vulnerable to a number of risks including energy blackouts, natural disasters, terrorism, war, telecommunication failures and cyber attacks and intrusions, such as computer viruses, malware, attachments to e-mails, intrusion and unauthorized access, including from persons inside our organization or from persons outside our organization with access to our systems. The risk of a security breach or disruption, particularly through cyber attacks and intrusions, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and instructions from around the world have increased. Our systems are critical to the operation of our business and any system failure, accident or security breach that causes interruptions in our operations could result in a material disruption to our business. We may also incur additional costs to remedy damages caused by such disruptions. Although we make efforts to maintain the security and integrity of our systems and have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Any compromise of our security could also result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation, loss or misuse of the information (which may be confidential, proprietary and/or commercially sensitive in nature) and a loss of confidence in our security measures, which could harm our business.

Our property taxes could increase due to reassessment or property tax rate changes.

We are required to pay real property taxes in respect of our properties and such taxes may increase as our properties are reassessed by taxing authorities or as property tax rates change. An increase in the assessed value of our properties or our property tax rates could adversely impact our financial condition, results of operations and our ability to satisfy our debt service obligations and to pay dividends and distributions to our security holders.

Compliance with changing or new regulations applicable to corporate governance and public disclosure may result in additional expenses, affect our operations and affect our reputation.

Changing or new laws, regulations and standards relating to corporate governance and public disclosure, including SEC regulations and NYSE rules, can create uncertainty for public companies. These changed or new laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We are committed to maintaining high standards of corporate governance and public disclosure. If our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, our reputation may be harmed.

Our efforts to comply with evolving laws, regulations and standards have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. In particular, our continued efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002 and the related regulations regarding our required assessment of our internal controls over financial reporting and our external auditors' audit of that assessment have required the commitment of significant financial and managerial resources. We expect these efforts to require the continued commitment of significant resources. Further, our directors, chief executive officer and chief financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified directors and executive officers, which could harm our business.

Table of Contents

Forward-looking statements may prove inaccurate.

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Forward-looking Information," for additional disclosure regarding forward-looking statements.

ITEM 1B. UNRESOLVED STAFF COMMENTS

As of December 31, 2014, we did not have any unresolved comments with the staff of the SEC.

Table of Contents

ITEM 2. PROPERTIES

Our Portfolio

General

As of December 31, 2014, we owned or held interests in 23 consolidated and seven unconsolidated commercial office buildings encompassing approximately 18.4 million rentable square feet and approximately 3.5 million rentable square feet, respectively, for a total of approximately 21.9 million rentable square feet, located primarily in midtown Manhattan. Certain of these buildings include at least a small amount of retail space on the lower floors, as well as basement/storage space. As of December 31, 2014, our portfolio also included ownership interests in 27 consolidated and four unconsolidated commercial office buildings encompassing approximately 4.4 million rentable square feet and approximately 1.2 million rentable square feet, respectively, located in Brooklyn, Long Island, Westchester County, Connecticut and New Jersey. We refer to these buildings as our Suburban properties.

As of December 31, 2014, we also owned investments in 17 prime retail properties encompassing approximately 735,400 square feet, 17 buildings in some stage of development or redevelopment encompassing approximately 4,077,300 square feet, four residential buildings encompassing 892 units (approximately 802,200 square feet) and two land interests under improvement encompassing approximately 783,500 square feet. In addition, we manage one office building owned by a third party encompassing approximately 336,201 square feet and held debt and preferred equity investments with a book value of $1.4 billion.

The following tables set forth certain information with respect to each of the Manhattan and Suburban office, prime retail, residential, development and redevelopment properties and land interest in the portfolio as of December 31, 2014:

Manhattan Properties	Year Built/ Renovated	SubMarket	Approximate Rentable Square Feet	Percent of Portfolio Rentable Square Feet	Percent Occupied (1)	Annualized Cash Rent (2)	Percent of Portfolio Annualized Cash Rent (3)	Number of Tenants	Annualized Cash Rent per Leased Square Foot (4)
CONSOLIDATED OFFICE PROPERTIES									
"Same Store"									
100 Church Street	1959/2010	Downtown	1,047,500	4%	98.7 %	$38,229,624	3%	18	$35.42
110 East 42nd Street	1921	Grand Central	215,400	1	98.8 %	10,364,856	1	22	$51.15
120 West 45th Street	1998	Midtown	440,000	2	95.6 %	24,519,168	2	40	$57.52
125 Park Avenue	1923/2006	Grand Central	604,245	2	80.4 %	29,298,864	2	22	$58.83
220 East 42nd Street	1929	Grand Central	1,135,000	4	92.2 %	48,059,376	4	32	$45.27
304 Park Avenue South	1930	Midtown South	215,000	1	91.9 %	11,976,660	1	13	$62.03
420 Lexington Ave (Graybar)(5)	1927/1999	Grand Central North	1,188,000	4	96.5 %	70,997,604	6	215	$50.78
461 Fifth Avenue(5)	1988	Midtown	200,000	1	96.5 %	16,606,080	1	12	$82.60
485 Lexington Avenue	1956/2006	Grand Central North	921,000	3	100.0%	56,904,228	5	24	$61.58
555 West 57th Street	1971		941,000	3	99.9 %	37,381,476	3	10	$36.82

609 Fifth Avenue	1925/1990	Midtown West Rockefeller Center	160,000	1	81.3 %	14,085,768	1	13	$114.46
625 Madison Avenue(5)	1956/2002	Plaza District	563,000	2	92.1 %	47,157,372	4	21	$88.43
641 Sixth Avenue	1902	Midtown South	163,000	1	92.1 %	8,521,524	1	7	$56.20
711 Third Avenue—50.00%(5)(6)	1955	Grand Central North	524,000	2	80.6 %	24,748,644	2	17	$54.94
750 Third Avenue	1958/2006	Grand Central North	780,000	3	96.7 %	43,606,644	4	30	$56.21
810 Seventh Avenue	1970	Times Square	692,000	2	81.0 %	36,652,068	3	41	$62.07
919 Third Avenue—51.00%	1970	Grand Central North	1,454,000	5	90.3 %	84,800,004	4	11	$64.24
1185 Avenue of the Americas(5)	1969	Rockefeller Center	1,062,000	4	99.9 %	87,476,904	7	19	$81.13
1350 Avenue of the Americas	1966	Rockefeller Center	562,000	2	96.9 %	39,094,293	3	36	$69.07
1515 Broadway	1972	Times Square	1,750,000	6	99.6 %	111,268,968	9	12	$64.94
1 Madison Avenue	1960/2002	Park Avenue South	1,176,900	4	100.0%	68,520,156	6	2	$57.89
Subtotal / Weighted Average			15,794,045	57%	94.8 %	$910,270,281	72%	617	

Table of Contents

Manhattan Properties	Year Built/ Renovated	SubMarket	Approximate Rentable Square Feet	Percent of Portfolio Rentable Square Feet	Percent Occupied (1)	Annualized Cash Rent (2)	Percent of Portfolio Annualized Cash Rent (3)	Number of Tenants	Annualized Cash Rent per Leased Square Foot (4)
"Non Same Store"									
388-390 Greenwich Street(7)	1986/1990	Downtown	2,635,000	10	100.0%	$111,016,908	9	1	$42.13
Subtotal / Weighted Average			2,635,000	10%	100.0%	$111,016,908	9%	1	
Total / Weighted Average Manhattan Consolidated Office Properties			18,429,045	67%	95.5 %	$1,021,287,189	81%	618	
UNCONSOLIDATED OFFICE PROPERTIES									
"Same Store"									
3 Columbus Circle—48.90%	1927/2010	Columbus Circle	530,981	2%	79.5 %	$34,575,816	1%	24	$81.89
100 Park Avenue—49.90%	1950/1980	Grand Central South	834,000	3	96.0 %	57,406,716	2	39	$66.70
315 West 36th Street—35.50%	1926	Times Square South	147,619	1	99.2 %	5,129,700	1	6	$35.03
521 Fifth Avenue—50.50%	1929/2000	Grand Central	460,000	2	99.3 %	27,807,180	1	45	$57.92
600 Lexington Avenue—55.00%	1983/2009	East side	303,515	1	89.2 %	20,617,776	1	35	$77.91
800 Third Avenue—42.95%	1972/2006	Grand Central North	526,000	2	94.8 %	30,160,800	1	39	$57.24
1745 Broadway—56.88%	2003	Midtown	674,000	2	100.0%	40,227,156	2	1	$62.41
Total / Weighted Average Unconsolidated Office Properties			3,476,115	13%	94.0 %	$215,925,144	9%	189	
Manhattan Office Grand Total / Weighted Average			21,905,160	80%	95.3 %	$1,237,212,333		807	
Manhattan Office Grand Total—SLG share of Annualized Rent						$1,088,380,812	90%		
Manhattan Office Same Store Occupancy %—Combined			19,270,160	88%	94.7 %				

Table of Contents

Suburban Properties	Year Built/ Renovated	SubMarket	Approximate Rentable Square Feet	Percent of Portfolio Rentable Square Feet	Percent Occupied (1)		Annualized Cash Rent (2)	Percent of Portfolio Annualized Cash Rent (3)	Number of Tenants	Annualized Cash Rent per Leased Square Foot (4)
CONSOLIDATED OFFICE PROPERTIES										
"Same Store" Westchester, NY										
1100 King Street	1983-1986	Rye Brook, Westchester	540,000	3%	60.2	%	$8,694,168	1%	27	$26.15
520 White Plains Road	1979	Tarrytown, Westchester	180,000	1	76.2	%	3,550,248	0	11	$27.38
115-117 Stevens Avenue	1984	Valhalla, Westchester	178,000	1	75.1	%	2,753,964	0	10	$23.09
100 Summit Lake Drive	1988	Valhalla, Westchester	250,000	1	72.9	%	4,372,248	0	10	$24.53
200 Summit Lake Drive	1990	Valhalla, Westchester	245,000	1	80.2	%	4,645,920	1	8	$24.51
500 Summit Lake Drive	1986	Valhalla, Westchester	228,000	1	97.8	%	4,987,236	1	7	$25.29
140 Grand Street	1991	White Plains, Westchester	130,100	0	100.0	%	4,123,920	0	15	$34.81
360 Hamilton Avenue	2000	White Plains, Westchester	384,000	1	92.3	%	12,840,336	1	19	$36.02
Westchester, NY Subtotal/Weighted Average			2,135,100	9%	78.8	%	$45,968,040	4%	107	
"Same Store" Connecticut										
Landmark Square	1973-1984	Stamford, Connecticut	862,800	2%	83.2	%	$19,604,244	2%	117	$32.85
680 Washington Boulevard—51.00%	1989	Stamford, Connecticut	133,000	0	80.9	%	4,646,412	0	9	$43.71
750 Washington Boulevard—51.00%	1989	Stamford, Connecticut	192,000	1	97.8	%	7,721,700	0	11	$41.09
1055 Washington Boulevard(5)	1987	Stamford, Connecticut	182,000	1	89.2	%	6,279,972	1	23	$37.01
1010 Washington Boulevard	1988	Stamford, Connecticut	143,400	1	77.1	%	3,601,092	0	23	$34.54
500 West Putnam Avenue	1973	Greenwich, Connecticut	121,500	0	53.8	%	2,978,136	0	10	$45.29
Connecticut Subtotal/Weighted Average			1,634,700	5%	83.6	%	$44,831,556	3%	193	
"Same Store" New Jersey										
125 Chubb Way	2008		278,000	1%	62.4	%	$3,851,880	0%	5	$23.37

		Lyndhurst, New Jersey								
New Jersey Subtotal/Weighted Average			278,000	1%	62.4	%	$3,851,880	0%	5	
"Non Same Store" Brooklyn, NY										
16 Court Street	1927-1928	Brooklyn, New York	317,600	1%	94.7	%	$11,572,848	1%	67	$39.98
Brooklyn, NY Subtotal/Weighted Average			317,600	1%	94.7	%	$11,572,848	1%	67	
Total / Weighted Average Consolidated Office Properties			4,365,400	16%	80.7	%	$106,224,324	8%	372	
UNCONSOLIDATED OFFICE PROPERTIES										
"Same Store"										
The Meadows—50.00%	1981	Rutherford, New Jersey	582,100	2%	91.4	%	$13,645,932	1%	56	$29.00
Jericho Plaza—20.26%	1980	Jericho, New York	640,000	2	86.0	%	19,101,132	0	36	$36.27
Total / Weighted Average Unconsolidated Office Properties			1,222,100	4%	88.6	%	$32,747,064	1%	92	
Suburban Grand Total / Weighted Average			5,587,500	20%	82.4	%	$138,971,388		464	
Suburban Office Grand Total—SLG share of Annualized Rent							$110,856,804	9%		
Suburban Office Same Store Occupancy %—Combined			5,269,900	94%	81.7	%				
Portfolio Office Grand Total			27,492,660	100%			$1,376,183,721		1,271	
Portfolio Office Grand Total—SLG Share of Annualized Rent							$1,199,237,616	100%		

Table of Contents

	Year Built/ Renovated	SubMarket	Approximate Rentable Square Feet	Percent of Portfolio Rentable Square Feet	Percent Occupied (1)	Annualized Cash Rent (2)	Percent of Portfolio Annualized Cash Rent (3)	Number of Tenants	Annualized Cash Rent per Leased Square Foot (4)
PRIME RETAIL									
"Same Store" Prime Retail									
11 West 34th Street—30.00%	1920/2010	Herald Square/Penn Station	17,150	2%	100.0%	$2,450,412	1%	1	$219.77
19-21 East 65th Street—80.00%	1928-1940	Plaza District	23,610	3	66.0 %	1,214,687	2	19	$204.63
21 East 66th Street—32.28%	1921	Plaza District	13,069	2	100.0%	3,204,888	2	1	$245.23
131-137 Spring Street	1891	Soho	68,342	9	92.0 %	4,548,411	8	11	$72.37
717 Fifth Avenue—10.92%	1958/2000	Midtown/Plaza District	119,550	16	89.4 %	36,132,888	7	7	$337.90
724 Fifth Avenue—50.00%	1921	Plaza District	65,010	9	74.8 %	21,149,304	19	7	$435.14
752 Madison Avenue—80.00%	1996/2012	Plaza District	21,124	3	100.0%	3,949,404	6	1	$186.96
762 Madison Avenue—80.00%	1910	Plaza District	6,109	1	100.0%	1,709,127	3	5	$279.77
Williamsburg Terrace	2010	Brooklyn, New York	52,000	7	100.0%	1,560,492	3	3	$30.01
Subtotal/Weighted Average			385,964	52%	89.0 %	$75,919,613	51%	55	
"Non Same Store" Prime Retail									
102 Greene Street	1910	SoHo	9,200	1%	100.0%	$633,132	1%	3	$68.82
115 Spring Street	1900	SoHo	5,218	1	100.0%	935,748	2	1	$179.33
121 Greene Street—50.00%	1887	SoHo	7,131	1	100.0%	1,327,320	1	2	$186.13
315 West 33rd Street— The Olivia	2000	Penn Station	270,132	37	100.0%	15,199,764	27	10	$56.27
1552-1560 Broadway—50.00%	1926/2014	Time Square	57,718	8	67.5 %	19,363,968	18	2	$496.93
Subtotal/Weighted Average			349,399	48%	94.6 %	$37,459,932	49%	18	
Total / Weighted Average Prime Retail Properties			735,363	100%	91.7 %	$113,379,545	100%	73	
DEVELOPMENT/REDEVELOPMENT									
150 Grand Street	1962/2001	White Plains, New York	85,000	2%	43.8 %	$962,544	2%	20	$25.83
	2008		65,641	2	67.7 %	1,451,376	1	8	$32.65

7 Renaissance Square—50.00%		White Plains, New York							
33 Beekman Street—45.90%	2008	Downtown	—	—	— %	—	—	—	$—
180 Maiden Lane—49.90%	1984	Financial East	1,090,000	27	22.9 %	12,495,012	10	4	$49.98
280 Park Avenue—49.50%	1961	Park Avenue	1,219,158	30	55.4 %	67,136,640	52	28	$99.47
51 East 42 street	1913	Grand Central	142,000	3	10.1 %	1,146,816	2	1	$79.90
317 Madison Avenue	1922	Grand Central	450,000	11	18.6 %	7,093,848	11	7	$84.53
331 Madison Avenue	1923	Grand Central	114,900	3	19.6 %	2,841,372	4	7	$125.99
635 Sixth Avenue	1902	Midtown South	104,000	2	72.5 %	5,441,412	8	1	$72.12
10 East 53rd Street—55.00%	1972/2014	Plaza District	354,300	9	30.1 %	6,344,820	5	13	$59.44
Fifth Avenue Retail Assemblage	1920	Plaza District	66,962	2	63.7 %	1,224,600	2	1	$28.72
650 Fifth Avenue—50.00%	1977-1978	Plaza District	32,324	0	10.5 %	1,337,316	1	2	$394.26
719 Seventh Avenue—75.00%	1927	Time Square	6,000	0	100.0%	1,397,256	2	2	$232.88
175-225 Third Avenue—95.00%	1972/1998	Brooklyn, New York	—	—	— %	—	—	—	$—
55 West 46th Street—25.00%	2009	Midtown	347,000	9	— %	—	—	—	$—
Total / Weighted Average Development/Redevelopment Properties			4,077,285	100%	33.4 %	$108,873,012	100%	94	

Table of Contents

	Year Built/ Renovated	SubMarket	Approximate Rentable Square Feet	Percent of Portfolio Rentable Square Feet	Percent Occupied (1)	Annualized Cash Rent (2)	Percent of Portfolio Annualized Cash Rent (3)	Number of Tenants	Annualized Cash Rent per Leased Square Foot (4)
LAND									
635 Madison Avenue		Plaza District	176,530	23%	100.0 %	$3,677,574	18%		$20.83
885 Third Avenue		Midtown/Plaza District	607,000	77	100.0 %	16,652,406	82%		$27.43
Total / Weighted Average Land			783,530	100%	100.0 %	$20,329,980	100%		

		Useable Sq. Feet	Total Units	Percent Occupied (1)	Annualized Cash Rent (2)	Average Monthly Rent Per Unit
RESIDENTIAL						
400 East 57th Street—80.00%	Upper East Side	290,482	261	94.3 %	$10,935,990	$3,128
400 East 58th Street—80.00%	Upper East Side	140,000	125	96.8 %	4,968,417	$3,089
1080 Amsterdam—87.50%	Upper West Side	82,250	96	97.9 %	4,320,780	$3,607
248-252 Bedford Avenue—90.00%	Brooklyn, New York	66,611	77	89.6 %	3,360,631	$4,059
315 West 33rd Street	Penn Station	222,855	333	95.8 %	14,324,721	$3,754
Total / Weighted Average Residential Properties		802,198	892	95.2 %	$37,910,539	

(1) Excludes leases signed but not yet commenced as of December 31, 2014.

(2) Annualized Cash Rent represents the monthly contractual rent under existing leases as of December 31, 2014 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2014 for the 12 months ending December 31, 2015 will reduce cash rent by $98.2 million for our consolidated properties and $17.5 million for our unconsolidated properties.

(3) Includes our share of unconsolidated joint venture annualized cash rent.

(4) Annualized Cash Rent Per Leased Square Foot represents Annualized Cash Rent, as described in footnote (1) above, presented on a per leased square foot basis.

(5) We hold a leasehold interest in this property.

(6) We hold a leasehold mortgage interest, a net sub-leasehold interest and a co-tenancy interest in this property.

(7) The rent per square foot is presented on a triple-net basis.

Historical Occupancy

Historically we have achieved consistently higher occupancy rates in our Manhattan portfolio as compared to the overall midtown markets, as shown over the last five years in the following table:

	Percent of	Occupancy Rate of	Occupancy Rate of

	Manhattan Portfolio Leased(1)	Class A Office Properties in the midtown Markets(2)(3)	Class B Office Properties in the midtown Markets(2)(3)
December 31, 2014	95.3 %	89.4 %	91.6 %
December 31, 2013	94.3 %	88.3 %	89.1 %
December 31, 2012	94.3 %	89.1 %	90.0 %
December 31, 2011	92.5 %	89.7 %	91.3 %
December 31, 2010	92.9 %	88.6 %	90.9 %

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(1) Includes space for leases that were executed as of the relevant date in our wholly-owned and joint venture properties as of that date.

(2) Includes vacant space available for direct lease and sublease. Source: Cushman & Wakefield.

(3) The term "Class B" is generally used in the Manhattan office market to describe office properties that are more than 25 years old but that are in good physical condition, enjoy widespread acceptance by high-quality tenants and are situated in desirable locations in Manhattan. Class B office properties can be distinguished from Class A properties in that Class A properties are generally newer properties with higher finishes and frequently obtain the highest rental rates within their markets.

Table of Contents

Historically we have achieved consistently higher occupancy rates in our Westchester County and Connecticut portfolios in comparison to the overall Westchester County and Stamford, Connecticut, CBD markets, as shown over the last five years in the following table:

	Percent of Westchester Portfolio Leased(1)	Occupancy Rate of Class A Office Properties in the Westchester Market(2)	Percent of Connecticut Portfolio Leased(1)	Occupancy Rate of Class A Office Properties in the Stamford CBD Market(2)
December 31, 2014	78.8 %	76.6 %	83.6 %	75.7 %
December 31, 2013	78.1 %	79.4 %	80.5 %	74.7 %
December 31, 2012	79.2 %	78.5 %	80.7 %	73.7 %
December 31, 2011	80.6 %	80.1 %	80.3 %	73.8 %
December 31, 2010	80.0 %	80.3 %	84.3 %	77.6 %

(1) Includes space for leases that were executed as of the relevant date in our wholly-owned and joint venture properties as of that date.
(2) Includes vacant space available for direct lease and sublease. Source: Cushman & Wakefield.

Lease Expirations

Leases in our Manhattan portfolio, as at many other Manhattan office properties, typically have an initial term of seven to fifteen years, compared to typical lease terms of five to ten years in other large U.S. office markets. For the five years ending December 31, 2019, the average annual rollover at our Manhattan consolidated and unconsolidated operating properties is expected to be approximately 0.9 million square feet and approximately 0.3 million square feet, respectively, representing an average annual expiration rate of approximately 5.1% and approximately 8.2%, respectively, per year (assuming no tenants exercise renewal or cancellation options and there are no tenant bankruptcies or other tenant defaults).

The following tables set forth a schedule of the annual lease expirations at our Manhattan consolidated and unconsolidated operating properties, respectively, with respect to leases in place as of December 31, 2014 for each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

Manhattan Consolidated Operating Properties Year of Lease Expiration	Number of Expiring Leases(1)	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet	Annualized Cash Rent of Expiring Leases(2)	Annualized Cash Rent Per Leased Square Foot of Expiring Leases(3)
2015[4]	81	582,568	3.2 %	$33,867,372	$58.13
2016	77	876,017	4.8	55,245,734	$63.06
2017	87	1,536,033	8.5	87,928,958	$57.24
2018	65	673,863	3.7	50,333,628	$74.69
2019	66	972,016	5.4	61,806,989	$63.59
2020	49	2,398,379	13.2	141,850,140	$59.14
2021	45	1,733,869	9.6	99,386,343	$57.32
2022	36	867,102	4.8	52,263,411	$60.27

2023	30	635,376	3.5		33,887,852	$53.34
2024 & thereafter	89	5,210,537	28.8		293,699,854	$56.37
Sub-Total/weighted average	625	15,485,760	85.5	%	$910,270,281	$58.78
	1[5]	2,634,670	14.5		111,016,908	$42.14
Total/weighted average	626	18,120,430	100.0	%	$1,021,287,189	$56.36

(1) Tenants may have multiple leases.

(2) Annualized Cash Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2014 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2014 for the 12 months ending December 31, 2015 will reduce cash rent by $95.0 million for the properties.

(3) Annualized Cash Rent Per Leased Square Foot of Expiring Leases represents Annualized Cash Rent of Expiring Leases, as described in footnote (2) above, presented on a per leased square foot basis.

Table of Contents

(4) Includes approximately 44,391 square feet and annualized cash rent of $3.0 million occupied by month-to-month holdover tenants whose leases expired prior to December 31, 2014.

(5) Represents Citigroup's net lease at 388-390 Greenwich Street, which expires in 2035. The net rent as of December 31, 2014 is approximately $42.13 per square foot with annual CPI escalation.

Manhattan Unconsolidated Operating Properties Year of Lease Expiration	Number of Expiring Leases(1)	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet		Annualized Cash Rent of Expiring Leases(2)	Annualized Cash Rent Per Leased Square Foot of Expiring Leases(3)
2015	29	300,702	9.0	%	$15,993,528	$53.19
2016	20	168,492	5.0		9,921,012	$58.88
2017	17	198,116	5.9		15,158,796	$76.51
2018	24	463,194	13.8		32,253,042	$69.63
2019	23	240,923	7.2		16,959,384	$70.39
2020	12	268,545	8.0		13,882,788	$51.70
2021	11	183,170	5.5		12,771,528	$69.72
2022	10	134,335	4.0		7,890,972	$58.74
2023	16	777,138	23.2		48,302,310	$62.15
2024 & thereafter	32	610,978	18.4		42,791,784	$70.04
Total/weighted average	194	3,345,593	100.0	%	$215,925,144	$64.54

(1) Tenants may have multiple leases.

(2) Annualized Cash Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2014 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2014 for the 12 months ending December 31, 2015 will reduced cash rent by $15.4 million for the joint venture properties.

Leases in our Suburban portfolio, as at many other suburban office properties, typically have an initial term of five to ten years. For the five years ending December 31, 2019, the average annual rollover at our Suburban consolidated and unconsolidated operating properties is expected to be approximately 0.3 million square feet and approximately 0.1 million square feet, respectively, representing an average annual expiration rate of approximately 10.6% and approximately 8.4% respectively, per year (assuming no tenants exercise renewal or cancellation options and there are no tenant bankruptcies or other tenant defaults).

Table of Contents

The following tables set forth a schedule of the annual lease expirations at our Suburban consolidated and unconsolidated operating properties, respectively, with respect to leases in place as of December 31, 2014 for each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

Suburban Consolidated Operating Properties Year of Lease Expiration	Number of Expiring Leases(1)	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet		Annualized Cash Rent of Expiring Leases(2)	Annualized Cash Rent Per Leased Square Foot of Expiring Leases(3)
2015[4]	72	353,717	10.7	%	$12,381,216	$35.00
2016	55	445,211	13.5		16,069,524	$36.09
2017	46	194,654	5.9		7,811,844	$40.13
2018	46	287,367	8.7		10,066,406	$35.03
2019	41	549,246	16.6		15,415,632	$28.07
2020	26	330,411	10.0		10,620,828	$32.14
2021	19	288,599	8.7		7,134,156	$24.72
2022	12	57,303	1.7		1,878,972	$32.79
2023	16	187,572	5.7		6,029,844	$32.15
2024 & thereafter	38	612,449	18.5		18,815,902	$30.72
Total/weighted average	371	3,306,529	100.0	%	$106,224,324	$32.13

(1) Tenants may have multiple leases.

(2) Annualized Cash Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2014 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2014 for the 12 months ending December 31, 2015 will reduce cash rent by $3.2 million for the properties.

(3) Annualized Cash Rent Per Leased Square Foot of Expiring Leases represents Annualized Cash Rent of Expiring Leases, as described in footnote (2) above, presented on a per leased square foot basis.

(4) Includes approximately 84,845 square feet and annualized cash rent of $3.1 million occupied by month-to-month holdover tenants whose leases expired prior to December 31, 2014.

Suburban Unconsolidated Operating Properties Year of Lease Expiration	Number of Expiring Leases(1)	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet		Annualized Cash Rent of Expiring Leases(2)	Annualized Cash Rent Per Leased Square Foot of Expiring Leases(3)
2015[4]	17	178,868	17.5	%	$6,432,936	$35.97
2016	10	52,656	5.1		1,612,860	$30.63
2017	10	91,939	9.0		3,075,132	$33.45
2018	10	97,314	9.5		3,412,032	$35.06

2019	20	115,878	11.3	3,456,612	$29.83
2020	3	41,357	4.0		