SL GREEN REALTY CORP
Form 10-K
February 25, 2014

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, 2013
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

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. (86,162,033 shares) was approximately $7.6 billion based on the quoted closing price on the New York Stock Exchange for such shares on June 30, 2013.

As of February 14, 2014, 95,047,602 shares of SL Green Realty Corp.'s common stock, par value $0.01 per share, were outstanding. As of February 14, 2014, 876,199 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 2014 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, 2013 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 97.04% 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, 2013, noncontrolling investors held, in aggregate, a 2.96% 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 Interest 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 Matter 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.
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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, financing, development, 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, 2013, 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 Northern New Jersey, which are collectively known as the Suburban properties:

Location	Ownership	Number of Buildings	Square Feet	Weighted Average Occupancy(1)	
Manhattan	Consolidated properties	23	17,306,045	94.5	%
	Unconsolidated properties	9	5,934,434	96.6	%
Suburban	Consolidated properties	26	4,087,400	79.8	%
	Unconsolidated properties	4	1,222,100	87.2	%
		62	28,549,979	92.5	%

(1) The weighted average occupancy represents the total occupied square feet divided by total available rentable square feet.

As of December 31, 2013, our Manhattan office properties were comprised of 17 fee owned buildings, including ownership in commercial condominium units, and six leasehold owned buildings. As of December 31, 2013, our Suburban office properties were comprised of 25 fee owned buildings and one leasehold building. As of December 31, 2013, we also held fee owned interests in nine unconsolidated Manhattan office properties and four unconsolidated Suburban office properties. We refer to our consolidated and unconsolidated Manhattan and Suburban office properties collectively as our Portfolio.

As of December 31, 2013, we also owned investments in 16 retail properties encompassing approximately 875,800 square feet, 20 development buildings encompassing approximately 3,230,800 square feet, four residential buildings encompassing 801 units (approximately 719,900 square feet) and two land interests encompassing approximately 961,400 square feet. The Company also has ownership interests in 28 west coast office properties encompassing 52 buildings totaling approximately 3,654,300 square feet. In addition, we manage two office buildings owned by third parties and affiliated companies encompassing approximately 626,400 square feet. As of December 31, 2013, we also held debt and preferred equity investments with a book value of $1.3 billion.

Our corporate offices are located in midtown Manhattan at 420 Lexington Avenue, New York, New York 10170. As of December 31, 2013, our corporate staff consisted of approximately 278 persons, including 182 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, 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

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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, 2013, we owned approximately 97.04% 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 primary business objective is to maximize the total return to stockholders, through growth in funds from operations and through asset value appreciation. Our core business is the ownership of high quality office buildings that are strategically located in close proximity to midtown Manhattan's primary commuter stations. The commercial real estate expertise resulting from owning, operating, investing and lending in Manhattan for over 33 years has also enabled us to invest in a collection of premier 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 Northern 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 property acquisition 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.
- 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 32.7 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 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

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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 to include selected high value retail locations in Manhattan, and more recently expanded further to include 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 begin 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 27 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 ownership 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 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 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 Manhattan 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, Manhattan has a total inventory of 395.3 million square feet, including 242.7 million square feet in midtown. Based on current construction activity, we estimate that in midtown Manhattan, approximately 2.2 million square feet of new construction will become available in the next two years, 54.8% of which is pre-leased. This will add approximately 0.6% to Manhattan's total inventory.

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 (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, the 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 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

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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, 2013, 2012 and 2011:

	Percent Occupied as of December 31,					
Property	2013		2012		2011	
Manhattan properties	95.0	%	94.3	%	92.5	%
Suburban properties	81.5	%	81.3	%	86.2	%
Same-Store properties(1)	91.7	%	91.3	%	N/A	
Unconsolidated Joint Venture Properties	95.0	%	93.3	%	94.0	%
Portfolio	92.5	%	91.8	%	91.5	%

(1) Same-Store Properties for 2013 represents 46 of our 49 consolidated buildings owned by us at January 1, 2012 and still owned by us at December 31, 2013 in the same manner.

Rent Growth

We estimated that rents in place at December 31, 2013 for all leases expiring in future periods in our Manhattan and Suburban consolidated properties were approximately 15.4% and 3.4%, 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, 2013 for all leases expiring in future periods in our Manhattan and Suburban properties owned through unconsolidated joint ventures were approximately 10.7% below and 1.1% above, respectively, management's estimates of current market asking rents. At December 31, 2012, the estimated rents in place for Manhattan consolidated and unconsolidated properties were approximately 13.7% and 1.5%, respectively, below management's estimates of the then current market asking rents. At December 31, 2012, the estimated rents in place for Suburban consolidated and unconsolidated properties were approximately 10.8% above and 5.0% below, respectively, management's estimates of the then current market asking rents. As of December 31, 2013, approximately 31.5% and 54.4% of all leases in-place in our Manhattan and Suburban consolidated properties, respectively, were scheduled to expire during the next five years. As of December 31, 2013, approximately 25.5% and 56.9% of all leases in-place in our Manhattan and Suburban 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 have 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.

At December 31, 2013, 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, 2013, one tenant in our portfolio contributed approximately 7.5% of our Portfolio annualized cash rent. No other tenant contributed more than 6.6% of our Portfolio annualized cash rent. 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 10.6% of our consolidated total revenue for 2013. In addition, two debt and preferred equity investments

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each accounted for more than 10.0% of the revenue earned on debt and preferred equity investments in 2013. Our industry segments are discussed in Note 22, "Segment Information," in the accompanying consolidated financial statements.

Employees

At December 31, 2013, we employed approximately 1,076 employees, over 183 of who were managers and professionals, approximately 795 of whom were hourly-paid employees involved in building operations and approximately 98 of whom were clerical, data processing and other administrative employees. There are currently three collective bargaining agreements which cover the workforce that services substantially all of our properties.

Acquisitions

During 2013, we acquired five buildings for an aggregate gross purchase price of $587.9 million encompassing 0.6 million square feet. Also, we acquired interests from our joint venture partner in 16 Court Street, Brooklyn, New York, which valued the consolidated interest at $96.2 million, inclusive of the $84.6 million mortgage encumbering the property.

Dispositions

During the year ended December 31, 2013, we sold the buildings located at 300 Main Street, Stamford, Connecticut and 333 West 34th Street, New York, New York for an aggregate sales price of $233.8 million and recognized a gain of $13.8 million on the sale of 333 West 34th. Also,we, along with our joint venture partner, sold the retail property located at 44 West 55th Street, New York, New York for $6.3 million and recognized a gain of $1.1 million on the sale. In addition, we, along with our joint venture partner, sold three properties in the West Coast portfolio for an aggregate sales price of $224.3 million and recognized our share of the gain on the sale of $2.1 million.

In December 2013, we sold our joint venture interest in 27-29 West 34th Street, New York, New York at an implied gross valuation of $70.1 million, inclusive of the $52.8 million mortgage encumbering the property. We recognized a gain of $7.6 million on the sale of our investment.

Debt and Preferred Equity Investments

During 2013, we originated or acquired approximately $601.3 million in debt and preferred equity investments, inclusive of accretion of reserves, discounts and pay-in-kind interest. We recorded approximately $644.9 million of proceeds from sales, repayments and participations.

Offering/Financings

During the year ended December 31, 2013, the Company completed an offering of 2,600,000 of shares of its common stock and received net proceeds of $248.9 million. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 2,600,000 common units of limited partnership interest.

During the year ended December 31, 2013, the Company sold 462,276 shares of its common stock through the "at the market" equity offering program raising net proceeds of $41.8 million which were used to repay certain of our existing indebtedness, to make investments in additional properties and debt and preferred equity investments and for general corporate purposes. The net proceeds from these offerings were contributed to the Operating Partnership in exchange for 462,276 common units of limited partnership interest.

During the year ended December 31, 2013, the Company redeemed the remaining 7,700,000 outstanding shares, or $192.5 million, of its 7.625% Series C Cumulative Redeemable Preferred Stock, or the Series C Preferred Stock, at a redemption price of $25.00 per share plus $0.3495 in accumulated and unpaid dividends on such Preferred Stock through June 21, 2013. We recognized approximately $12.2 million of costs to redeem the remaining Series C Preferred Stock. Simultaneously, the Operating Partnership redeemed an equal number of its Series C Preferred Units from the Company at a redemption price paid by the Company to the Series C preferred stockholders.

During the year ended December 31, 2013, the Company closed on two mortgages, which are collateralized by our real estate, totaling approximately $297.0 million. We also closed on a $900.0 million mortgage refinancing which replaced the former $775.0 million. In addition, we also closed on a $300.0 million refinancing of the Company's Master Repurchase Agreement, or MRA facility, which replaced the former $175.0 million facility.

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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, Northern 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.

Most of our commercial office properties, based on square footage, are located in midtown Manhattan. 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 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 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 tenant improvements and leasing commissions, may be less favorable than the terms in the expired leases. As of December 31, 2013, approximately 7.0 million and 2.0 million square feet, representing approximately 35.1% and 49.4% of the rentable square feet, are scheduled to expire by December 31, 2018 at our consolidated properties and unconsolidated joint venture properties, respectively, and as of December 31, 2013, these leases had annualized escalated rent totaling approximately $373.1 million and $106.7 million, respectively. We also have leases with termination options beyond 2018. If we are unable to promptly renew the leases or relet the space at similar rates, our cash flow and ability to service debt and pay dividends and distributions to security holders could be adversely affected.

The expiration of long term leases or operating sublease interests could adversely affect our results of operations.

Our interests in 673 First Avenue, 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 through 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. Unless we can purchase a fee interest in the underlying land or extend the terms of these leases before their expiration, we will lose our right to operate these properties upon expiration of the leases, which would significantly adversely affect our results of operations. The average remaining term of these long-term leases as of December 31, 2013, including our unilateral extension rights on each of the properties, is approximately 48 years. Pursuant to the leasehold arrangement, 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 at December 31, 2013 totaled approximately $259.5 million, or 23.0%, of our share of total Portfolio annualized cash rent.

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

Giving effect to leases in effect as of December 31, 2013 for consolidated properties and unconsolidated joint venture properties, as of that date, our five largest tenants, based on square footage leased, accounted for approximately 23.2% of our share of Portfolio annualized cash rent, with three tenants, Viacom International Inc., Citigroup, Inc., and Credit Suisse Securities (USA) LLC accounting for approximately 7.5%, 6.6% and 6.1% of our share of Portfolio annualized cash rent, respectively. 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. Our business would be adversely affected if any of our major tenants became insolvent, declared bankruptcy, are put into receivership or otherwise refused to pay rent in a timely fashion or at all.

Adverse economic and geopolitical conditions in general and the Northeastern commercial office markets in particular could have a material adverse effect on our results of operations, financial condition and our ability 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 access to credit and/or wider credit spreads. Economic uncertainty, including concern about 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 Northeast, particularly in New York, Northern New Jersey and Connecticut. Because our portfolio consists primarily

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of commercial office buildings (as compared to a more diversified real estate portfolio) located principally in Manhattan, 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, 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;
- 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; and
- reduced liquidity in debt markets and increased credit risk premiums for certain market participants, which may impair our ability to access capital.

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. Similarly, our operating costs could increase while our revenues stay flat or decline. In either 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 to our stockholders.

We face risks associated with property acquisitions.

We may acquire 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 on favorable terms or at all;
- acquired properties may fail to perform as we expected;
- our estimates of the costs of repositioning or redeveloping acquired properties may be inaccurate;
- we may not be able to obtain adequate insurance coverage for new 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
- we may be unable to quickly and efficiently integrate new acquisitions, 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. 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:

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- 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, in the event we are able to acquire such desired property.

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 approximately 37.0% of our Portfolio annualized cash rent, which includes our share of joint venture annualized rent as of December 31, 2013. Our revenue and cash available 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 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.

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

There may be a decrease in demand for space in New York City because it is considered at risk for future terrorist attacks, and this decrease may reduce our revenues from property rentals. In the aftermath of a terrorist attack, 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. This in turn could trigger a decrease in the demand for space in the New York Metropolitan area, which could increase vacancies in our properties and force us to lease our properties on less favorable terms. As a result, the value of our properties and the level of our revenues could materially decline.

A terrorist attack could cause insurance premiums to increase significantly.

We maintain "all-risk" property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism) within two property insurance portfolios and liability insurance. As of December 31, 2013, the first property portfolio maintains a blanket limit of $950.0 million per occurrence, including terrorism, for the majority of the New York City properties in our portfolio. The second portfolio maintains a limit of $700.0 million per occurrence, including terrorism, for some New York City properties and the majority of the Suburban properties. Both policies expire on December 31, 2014. Each policy includes $100.0 million of flood coverage, with a lower sublimit for locations in high hazard flood zones. We maintain 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, 2014. Additional coverage may be purchased on a stand-alone basis for certain assets.

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

The Terrorism Risk Insurance Act, or TRIA, which was enacted in November 2002, was renewed December 31, 2005 and again on December 31, 2007. Congress extended TRIA, now called TRIPRA (Terrorism Risk Insurance Program Reauthorization and Extension Act of 2007) until December 31, 2014. 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. 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 terrorist acts is a breach of these debt and ground lease instruments allowing the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions. In addition, if lenders prevail in asserting that we are required to maintain full coverage for these risks, it could result in substantially higher insurance premiums.

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 under its insurance policy, we would ultimately record the loss to the extent of Belmont’s required payment. 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.

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We monitor all properties that are subject to triple net leases to ensure that tenants are providing adequate coverage. Certain joint ventures may be covered under policies separate from our policies, at coverage limits, which we deem to be adequate. We continually monitor these policies. Although we consider our insurance coverage to be appropriate, in the event of a major catastrophe, we may not have sufficient coverage to replace certain properties.

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

We cannot predict with certainty whether climate change is occurring and, if so, at what rate. However, the physical effects of climate change 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, such as those experienced in Super Storm Sandy in October 2012, 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 and increasing the cost of snow removal at our properties. There can be no assurance that climate change will not have a material adverse effect on our properties, operations or business.

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 distributable cash flow and results of operations.

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 approximately $6.9 billion as of December 31, 2013, consisting of approximately $620.0 million under our 2012 credit facility, which is inclusive of our $400.0 million term loan, $1.3 billion under our senior unsecured notes, $100.0 million of junior subordinated deferrable interest debentures and approximately $4.9 billion of non-recourse mortgages and loans payable on 23 of our properties and certain debt and preferred equity investments, and recourse loans on two 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, which had $0.9 billion undrawn capacity as of December 31, 2013. Our 2012 credit facility in aggregate matures in March 2018, which includes two six-month extension options on the $1.2 billion revolving credit facility component of the facility. As of December 31, 2013, the total principal amount of non-recourse indebtedness outstanding at the joint venture properties was approximately $4.8 billion, of which our proportionate share was approximately $1.9 billion. As of December 31, 2013, the total principal amount of recourse indebtedness outstanding at two of our unconsolidated joint venture properties was approximately $218.4 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 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 2014, approximately $75.9 million of corporate indebtedness, $91.0 million under the MRA facility, $146.3 million of mortgage debt on our consolidated properties and our share of mortgage debt on our unconsolidated joint venture

properties of $398.3 million will mature. 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 refinanced debt would adversely affect cash flow and our ability to service debt 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 in all years to repay all maturing 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, and

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to discontinue insurance coverage, 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, 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. These consolidated variable rate borrowings totaled approximately $1.3 billion at December 31, 2013. In addition, we could increase the amount of our outstanding variable rate debt in the future, in part by borrowing under our 2012 credit facility, which consisted of a $1.2 billion revolving credit facility and $400.0 million term loan and had $0.9 billion available for draw as of December 31, 2013. Borrowings under our revolving credit facility and term loan bore interest at the 30-day LIBOR, plus spreads of 145 basis points and 165 basis points, respectively, at December 31, 2013. As of December 31, 2013, borrowings under our 2012 credit facility and junior subordinated deferrable interest debentures totaled $620.0 million and $100.0 million, respectively, and bore weighted average interest at 1.86% 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. Accordingly, increases in interest rates could adversely affect our results of operations and financial conditions. At December 31, 2013, a hypothetical 100 basis point increase in interest rates across each of our variable interest rate instruments would increase our annual interest costs by approximately $12.8 million and would increase our share of joint venture annual interest costs by approximately $8.5 million. Accordingly, increases in interest rates could adversely affect 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, such as the risk that 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. Failure to hedge effectively against interest rate changes may adversely affect our results of operations.
No limitation on debt could adversely affect our cash flow.
Our organizational documents do not contain any limitation on the amount of indebtedness we may incur. As of December 31, 2013, 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 approximately $2.1 billion, was approximately 49.4%. 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.
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 28 investments with an aggregate net book value of approximately $1.3 billion at December 31, 2013. Such investments may or may not be recourse obligations of the borrower and are not insured or guaranteed by governmental agencies or otherwise. 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.

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, 2013, our reserves for possible credit losses were approximately $1.0 million. 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.

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Special servicing activities could result in liability to us.
We provide special servicing activities on behalf of third parties. We have been rated by Fitch and S&P to provide such services. An intended or unintended breach of the servicing standards and/or our duties to bondholders could result in material liability to us.
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 will 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 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. Consequently, actions by such partner, co-tenant or co-venturer might result in subjecting properties owned by the partnership or joint venture to additional risk. 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, 2013, our unconsolidated joint ventures owned 24 properties and we had an aggregate cost basis in these joint ventures totaling approximately $1.1 billion. As of December 31, 2013, our share of unconsolidated joint venture debt, which is non-recourse to us, totaled approximately $1.9 billion. As of December 31, 2013, our share of unconsolidated joint venture debt, which is recourse to us, totaled approximately $218.4 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 and our partner may have rights to buy our interest in the joint venture, to force us to buy the partner's interest in the joint venture or to compel the sale of the property owned by such joint venture. 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 also enter into similar arrangements in the future.
We may incur costs to comply with environmental laws.
We are subject to various federal, state and local environmental laws. These laws regulate our use, storage, disposal and management of hazardous substances and wastes and can impose liability on 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 legal or whether it was caused by 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.
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

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our compliance. If one or more of our properties is not in compliance with the ADA or other legislation, then we may be required to incur additional costs to bring the property into compliance with the ADA or similar 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 director's 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 2014, 2015 and 2016, 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 approximately $6.9 billion in consolidated debt as of December 31, 2013. Certain of this debt in not assumable by a potential purchaser and may be subject to significant prepayment penalties.

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

Under Maryland law, "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.

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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 Maryland General Corporation Law, or 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 we do not have. 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. 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
- 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, 2013 and December 31, 2013, the closing sale price of SL Green's common stock on the New York Stock Exchange, or the NYSE, ranged from $78.16 to $98.15 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.

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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. Higher market interest rates would not, however, result in more funds for us to distribute and, to the contrary, would likely 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 go down.

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. These limitations could 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. As part of our formation, Mr. Green contributed appreciated property, with a net book value of $73.5 million, to the Operating Partnership in exchange for units of limited partnership interest in the Operating Partnership. He did not recognize any taxable gain as a result of the contribution. The Operating Partnership, however, took a tax basis in the contributed property equal to that of the contributing unitholder. The fair market value of the property contributed by him at our formation exceeded his tax basis. The difference between fair market value and tax basis at the time of contribution represents a built-in gain which totaled $3.9 million at December 31, 2013. 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.

There is a potential conflict of interest relating to the refinancing of indebtedness specifically allocated to Mr. Green. Mr. Green would recognize gain if he were to receive a distribution of cash from the Operating Partnership in an amount that exceeds his tax basis in his partnership units. His 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 approximately 17.2% of Alliance's 2013 estimated total revenue. The contracts pursuant to which these services are provided are not the result of arm's length negotiations and, therefore, there can be no assurance that the terms and conditions are not less favorable than those which could be obtained from third parties providing comparable services. 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.

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

Stephen Green, Marc Holliday, Andrew Mathias, Andrew Levine and James Mead entered into employment and noncompetition agreements with us pursuant to which they have agreed not to actively engage in the acquisition, development, management, leasing or financing of commercial office, multifamily residential and retail real estate in the New York City Metropolitan area. 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

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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.

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, we would be subject to federal income tax at regular corporate rates. 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 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 require us to make any distributions to stockholders.

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

We may in the future distribute taxable dividends that are payable in cash and shares of SL Green's common stock at the election of each stockholder. 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.

We are dependent on external sources of capital.

Because of distribution requirements imposed on us for SL Green to qualify as a REIT, it is not likely that we will be able to fund all future capital needs, including acquisitions, from income from operations. We therefore will have to rely on third-party sources of capital, which may or 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 having to raise 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.

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 and developers 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.

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Loss of our key personnel could harm our operations.
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.
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 damages from any number of sources, including energy blackouts, natural disasters, terrorism, war, telecommunication failures and cyber security attacks, such as computer viruses or unauthorized access. Any system failure or accident 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. 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 and a loss of confidence in our security measures, which could harm our business.
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 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.
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, 2013, we did not have any unresolved comments with the staff of the SEC.

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ITEM 2. PROPERTIES

Our Portfolio

General

As of December 31, 2013, we owned or held interests in 23 consolidated and nine unconsolidated commercial office buildings encompassing approximately 17.3 million rentable square feet and approximately 5.9 million rentable square feet, respectively, for a total of 23.2 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, 2013, our portfolio also included ownership interests in 26 consolidated and four unconsolidated commercial office buildings located in Brooklyn, Long Island, Westchester County, Connecticut and Northern New Jersey encompassing approximately 4.1 million rentable square feet and approximately 1.2 million rentable square feet, respectively. We refer to these buildings as our Suburban properties. As of December 31, 2013, we also owned investments in 16 retail properties encompassing approximately 875,800 square feet, 20 development buildings encompassing approximately 3,230,800 square feet, four residential buildings encompassing 801 units (approximately 719,900 square feet) and two land interests encompassing approximately 961,400 square feet. The Company also has ownership interests in 28 west coast office properties encompassing 52 buildings totaling approximately 3,654,300 square feet. In addition, we manage two office buildings owned by third parties and affiliated companies encompassing approximately 626,400 square feet. As of December 31, 2013, we also held debt and preferred equity investments with a book value of $1.3 billion.

The following table sets forth certain information with respect to each of the Manhattan and Suburban office, retail and development properties and land interest in the portfolio as of December 31, 2013:

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 PROPERTIES												
"Same Store"												
100 Church Street	1959/2010	Downtown	1,047,500	4	%	98.7	%	$37,191,444	3	%	18	$34.46
110 East 42nd Street	1921	Grand Central	215,400	1		86.5	%	8,913,540	1		23	$50.49
120 West 45th Street	1998	Midtown	440,000	2		85.2	%	20,862,228	2		32	$56.08
125 Park Avenue	1923/2006	Grand Central	604,245	2		82.0	%	27,709,224	2		21	$59.08
180 Maiden Lane—49.90%	1984	Financial East	1,090,000	4		97.6	%	55,331,208	2		5	$52.71
220 East 42nd Street	1929	Grand Central	1,135,000	4		91.5	%	46,506,336	4		30	$44.32
420 Lexington Ave (Graybar)(5)	1927/1999	Grand Central North	1,188,000	4		85.8	%	60,686,388	5		218	$50.04
461 Fifth Avenue(5)	1988	Midtown	200,000	1		99.4	%	16,529,484	2		14	$80.10
485 Lexington Avenue	1956/2006	Grand Central North	921,000	3		100.0	%	55,169,268	5		24	$59.72
555 West 57th Street	1971	Midtown West	941,000	3		99.9	%	33,901,044	3		10	$33.88

609 Fifth Avenue	1925/1990	Rockefeller Center	160,000	0	77.8	%	14,042,124	1	11	$ 111.74
625 Madison Avenue(5)	1956/2002	Plaza District	563,000	2	92.1	%	46,209,072	4	21	$ 86.60
673 First Avenue(5)	1928/1990	Grand Central South	422,000	1	99.2	%	21,004,836	2	7	$ 47.24
711 Third Avenue—50.00%(5)(6)	1955	Grand Central North	524,000	2	88.4	%	27,511,560	2	17	$ 54.64
750 Third Avenue	1958/2006	Grand Central North	780,000	3	95.8	%	41,437,956	4	28	$ 54.61
810 Seventh Avenue	1970	Times Square	692,000	2	92.0	%	40,023,768	4	41	$ 59.96
919 Third Avenue—51.00%	1970	Grand Central North	1,454,000	5	90.3	%	81,700,824	4	12	$ 62.07
1185 Avenue of the Americas(5)	1969	Rockefeller Center	1,062,000	4	95.2	%	81,445,404	7	18	$ 79.40
1350 Avenue of the Americas	1966	Rockefeller Center	562,000	2	99.5	%	37,538,424	3	35	$ 65.57
1515 Broadway	1972	Times Square	1,750,000	6	100.0	%	111,850,668	10	12	$ 64.98

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1 Madison Avenue	1960/2002	Park Avenue South	1,176,900	4	100.0 %	67,572,816	6	2	$57.09
Subtotal / Weighted Average			16,928,045	59 %	94.5 %	$933,137,616	76 %	599	
"Non Same Store"									
304 Park Avenue South	1930	Midtown South	215,000	1 %	98.8 %	11,923,104	1 %	15	$58.45
641 Sixth Avenue	1902	Midtown South	163,000	1	92.1 %	8,380,860	1	7	$55.27
Subtotal / Weighted Average			378,000	2 %	95.9 %	$20,303,964	2 %	22	
Total / Weighted Average Manhattan Consolidated Properties			17,306,045	61 %	94.5 %	$953,441,580	78 %	621	
UNCONSOLIDATED PROPERTIES									
"Same Store"									
100 Park Avenue—49.90%	1950/1980	Grand Central South	834,000	3 %	95.1 %	54,288,768	3 %	37	$63.99
388 & 390 Greenwich Street—50.60%(7)	1986/1990	Downtown	2,635,000	9	100.0 %	109,811,160	5	1	$41.68
600 Lexington Avenue—55.00%	1983/2009	Eastside	303,515	1	75.5 %	15,552,084	1	26	$76.52
800 Third Avenue—42.95%	1972/2006	Grand Central North	526,000	2	95.4 %	29,377,200	1	41	$55.54
1745 Broadway—32.26%	2003	Midtown	674,000	2	100.0 %	37,785,768	1	1	$58.62
Subtotal / Weighted Average			4,972,515	17 %	97.2 %	$246,814,980	11 %	106	
"Non Same Store"									
10 East 53rd Street—55.00%	1972	Plaza District	354,300	1 %	90.0 %	19,639,776	1 %	17	$63.14
315 West 36th Street—35.50%	1926	Times Square South	147,619	0	99.2 %	4,029,156	0	6	$27.52
521 Fifth Avenue—50.50%	1929/2000	Grand Central	460,000	2	94.4 %	24,977,052	1	41	$55.11
Subtotal / Weighted Average			961,919	3 %	93.5 %	$48,645,984	2 %	64	
Total / Weighted Average Unconsolidated Properties			5,934,434	20 %	96.6 %	$295,460,964	13 %	170	
Manhattan Grand Total / Weighted Average			23,240,479	81 %	95.0 %	$1,248,902,544		791	
Manhattan Grand Total—SLG share of Annualized Rent						$1,026,613,619	91 %		
Manhattan Same Store Occupancy %—Combined			21,900,560	94 %	95.1 %				

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Suburban Properties	Year Built/ Renovated	SubMarket	Approximate Rentable Square Feet	Percent of Portfolio Rentable Square Feet		Percent Occupied (1)	Annualized Cash Rent (2)	Percentage of Portfolio Annualized Cash Rent (3)		Number of Tenants	Annualized Cash Rent per Leased Square Foot (4)
CONSOLIDATED PROPERTIES											
"Same Store" Westchester, NY											
1100 King Street	1983-1986	Rye Brook, Westchester	540,000	2	%	72.2 %	$11,091,768	1	%	30	$27.24
520 White Plains Road	1979	Tarrytown, Westchester	180,000	1		57.8 %	2,854,680	0		8	$28.41
115-117 Stevens Avenue	1984	Valhalla, Westchester	178,000	1		73.4 %	2,682,720	0		10	$23.43
100 Summit Lake Drive	1988	Valhalla, Westchester	250,000	1		70.7 %	4,246,380	1		10	$24.03
200 Summit Lake Drive	1990	Valhalla, Westchester	245,000	1		80.2 %	4,535,136	1		8	$23.93
500 Summit Lake Drive	1986	Valhalla, Westchester	228,000	1		90.3 %	4,798,848	1		6	$24.80
140 Grand Street	1991	White Plains, Westchester	130,100	0		93.6 %	3,988,068	0		13	$36.35
360 Hamilton Avenue	2000	White Plains, Westchester	384,000	1		89.3 %	12,155,160	1		17	$34.11
Westchester, NY Subtotal/Weighted Average			2,135,100	8	%	78.1 %	$46,352,760	5	%	102	
"Same Store" Connecticut											
Landmark Square	1973-1984	Stamford, Connecticut	862,800	3	%	78.3 %	$19,017,940	2	%	105	$32.59
680 Washington Boulevard—51.00%	1989	Stamford, Connecticut	133,000	0		77.7 %	4,353,144	0		9	$42.62
750 Washington Boulevard—51.00%	1989	Stamford, Connecticut	192,000	1		93.3 %	6,380,580	0		8	$40.52
1055 Washington Boulevard(5)	1987	Stamford, Connecticut	182,000	1		87.7 %	6,111,048	1		21	$36.10
1010 Washington Boulevard	1988	Stamford, Connecticut	143,400	1		65.3 %	3,028,464	0		19	$34.51
500 West Putnam Avenue	1973	Greenwich, Connecticut	121,500	0		57.0 %	3,121,356	0		10	$44.79
Connecticut Subtotal/Weighted Average			1,634,700	6	%	80.5 %	$42,012,532	3	%	172	
"Non Same Store" Brooklyn, NY											
16 Court Street	1927-1928	Brooklyn, NY	317,600	1	%	87.2 %	$10,495,296	1	%	66	$40.26
Brooklyn, NY Subtotal/Weighted Average			317,600	1	%	87.2 %	$10,495,296	1	%	66	
Total / Weighted Average Consolidated Properties			4,087,400	15	%	79.8 %	$98,860,588	9	%	340	

	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)
UNCONSOLIDATED PROPERTIES									
"Same Store"									
The Meadows—50.00%	1981	Rutherford, New Jersey	582,100	2 %	84.2 %	$12,508,560	0 %	55	$27.62
Jericho Plaza—20.26%	1980	Jericho, New York	640,000	2	89.9 %	19,566,096	0	32	$34.89
Total / Weighted Average Unconsolidated Properties			1,222,100	4 %	87.2 %	$32,074,656	0 %	87	
Suburban Grand Total / Weighted Average			5,309,500	19 %	81.5 %	$130,935,244		427	
Suburban Grand Total—SLG share of Annualized Rent						$103,819,434	9 %		
Suburban Same Store Occupancy %—Combined			4,991,900	94 %	81.1 %				
Portfolio Grand Total			28,549,979	100 %		$1,379,837,788		1,218	
Portfolio Grand Total—SLG Share of Annualized Rent						$1,130,433,053	100 %		
RETAIL									
"Same Store" Retail									
1604 Broadway—70.00%	1912/2001	Times Square	29,876	3 %	23.7 %	$2,001,902	3 %	2	$245.31

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11 West 34th Street—30.00%	1920/2010	Herald Square/Penn Station	17,150	2	100.0 %	2,123,688	1	1	$190.47
21-25 West 34th Street—50.00%	2009	Herald Square/Penn Station	30,100	3	100.0 %	8,233,968	8	1	$409.63
717 Fifth Avenue—10.92%	1958/2000	Midtown/Plaza District	119,550	14	89.4 %	34,591,080	8	7	$311.90
Williamsburg Terrace	2010	Brooklyn, NY	52,000	6	100.0 %	1,558,032	3	3	$29.94
Subtotal/Weighted Average			248,676	28 %	85.8 %	$48,508,670	23 %	14	
"Non Same Store" Retail									
19-21 East 65th Street—80.00%	1928-1940	Plaza District	23,610	3 %	100.0 %	1,412,184	2 %	7	$116.69
21 East 66th Street—32.28%	1921	Plaza District	16,736	2	100.0 %	3,409,057	2	1	$260.85
131-137 Spring Street	1891	Soho	68,342	8	100.0 %	4,691,037	10	12	$68.64
180-182 Broadway—25.50%	2013	Soho	156,086	18	100.0 %	9,757,368	5	3	$65.17
315 West 33rd Street— The Olivia	2000	Penn Station	270,132	31	100.0 %	14,779,822	30	10	$54.71
724 Fifth Avenue—50.00%	1921	Plaza District	65,010	7	76.6 %	20,589,864	21	7	$415.45
752 Madison Avenue—80%	1996/2012	Plaza District	21,124	2	100.0 %	3,561,060	6	1	$168.58
762 Madison Avenue—80.00%	1910	Plaza District	6,109	1	82.6 %	624,324	1	4	$123.73
Subtotal/Weighted Average			627,149	72 %	97.4 %	$58,824,716	77 %	45	
Total / Weighted Average Retail Properties			875,825	100 %	94.1 %	$107,333,386	100 %	59	
DEVELOPMENT									
125 Chubb Way	2008	Lyndhurst, NJ	278,000	9 %	59.4 %	3,635,136	4 %	4	$21.55
150 Grand Street	1962/2001	White Plains, NY	85,000	3	31.5 %	691,008	1	16	$24.84
7 Renaissance Square—50.00%	2008	White Plains, NY	65,641	2	46.6 %	997,380	1	4	$32.04
33 Beekman Street—45.90%	2008	Downtown	—	—	—	—	—	—	$—
3 Columbus Circle—48.90%	1927/2010	Columbus Circle	530,981	16	70.7 %	31,239,593	17	17	$81.77
280 Park Avenue—49.50%	1961	Park Avenue	1,219,158	38	59.4 %	64,933,920	36	28	$89.70
51 East 42 street	1913	Grand Central	142,000	4	86.5 %	6,752,424	8	84	$52.75
317 Madison Avenue	1922	Grand Central	450,000	14	78.6 %	20,781,792	23	72	$51.83
331 Madison Avenue	1923	Grand Central	114,900	4	83.6 %	4,271,340	5	15	$44.19
	1920	Plaza District	66,962	2	74.6 %	2,522,196	3	6	$50.46

Fifth Avenue Retail Assemblage												
635 Sixth Avenue	1902	Midtown South	104,000	3		—		—	—		—	$—
650 Fifth Avenue - 50.00%	1977-1978	Plaza District	32,324	1		63.6	%	3,241,092	2		3	$157.64
747 Madison Avenue—33.33%	1962	Plaza District	10,000	0		59.1	%	3,300,000	0		1	$578.95
985-987 Third Avenue	1900/1972	Upper East Side	13,678	0		—		—	—		—	$—
1080 Amsterdam—87.50%	1932	Upper West Side	82,250	3		2.2	%	146,475	0		1	$81.38
1552-1560 Broadway—50.00%	1926	Times Square	35,897	1		—		—	—		—	$—
Total / Weighted Average Development Properties			3,230,791	100	%	61.1	%	$142,512,356	100	%	251	
LAND												
2 Herald Square		Herald Square/Penn Station	354,400	37	%	100.0	%	$11,531,250	42	%		$32.54
885 Third Avenue		Midtown/Plaza District	607,000	63	%	100.0	%	16,246,260	58	%		$26.76
Total / Weighted Average Land			961,400	100	%	100.0	%	$27,777,510	100	%		
West Coast												
West Coast Office Portfolio—43.74%	various		3,654,315	100	%	77.9	%	$73,782,458	100	%		
Total / Weighted Average California Properties			3,654,315	100	%	77.9	%	$73,782,458	100	%		

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		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	259	95.0	%	$10,348,769	$2,980
400 East 58th Street—80.00%	Upper East Side	140,000	125	94.4	%	4,485,041	$2,939
248-252 Bedford Avenue—90.00%	Brooklyn, New York	66,611	84	85.7	%	3,939,251	$4,559
315 West 33rd Street	Penn Station	222,855	333	92.5	%	13,234,357	$3,772
Total / Weighted Average Residential Properties		719,948	801	92.9	%	$32,007,418	$3,469

(1) Excludes leases signed but not yet commenced as of December 31, 2013.

(2) Annualized Cash Rent represents the monthly contractual rent under existing leases as of December 31, 2013 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, 2013 for the 12 months ending December 31, 2014 reduce cash rent by approximately $16.7 million for our consolidated properties and approximately $25.5 million for our unconsolidated properties.

(3) Includes our share of unconsolidated joint venture annualized cash rent calculated on a consistent basis.

(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 Manhattan Portfolio Leased(1)		Occupancy Rate of Class A Office Properties in the midtown Markets(2)(3)		Occupancy Rate of Class B Office Properties in the midtown Markets(2)(3)	
December 31, 2013	92.5	%	88.3	%	89.1	%
December 31, 2012	94.1	%	89.1	%	90.0	%
December 31, 2011	92.5	%	89.7	%	91.3	%
December 31, 2010	92.9	%	88.6	%	90.9	%
December 31, 2009	95.0	%	86.8	%	90.3	%

(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.

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, 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 %
December 31, 2009	86.5 %	80.3 %	82.7 %	77.5 %

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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.

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, 2018, the average annual rollover at our Manhattan consolidated and unconsolidated office properties is expected to be approximately 1.0 million square feet and 0.3 million square feet, respectively, representing an average annual expiration rate of 6.3% and 5.1%, 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 office properties, respectively, with respect to leases in place as of December 31, 2013 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 Office Properties Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet		Annualized Cash Rent of Expiring Leases(1)	Annualized Cash Rent Per Leased Square Foot of Expiring Leases(2)
2014[3]	82	1,505,643	9.0	%	$87,659,227	$58.22
2015	82	588,811	3.5		32,829,813	$55.76
2016	84	940,699	5.6		57,447,696	$61.07
2017	94	1,562,961	9.3		86,906,332	$55.60
2018	63	678,013	4.0		50,453,363	$74.41
2019	29	836,509	5.0		52,730,789	$63.04
2020	40	2,322,149	13.9		135,548,148	$58.37
2021	39	2,271,388	13.6		124,603,497	$54.86
2022	32	801,247	4.8		47,031,192	$58.70
2023 & thereafter	93	5,241,336	31.3		278,231,523	$53.08
Total/weighted average	638	16,748,756	100.0	%	$953,441,580	$56.93

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(1) Annualized Cash Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2013 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, 2013 for the 12 months ending December 31, 2014, reduce cash rent by approximately $13.3 million for the properties.

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

(3) Includes 42,036 square feet occupied by month-to-month holdover tenants whose leases expired prior to December 31, 2013.

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Manhattan Unconsolidated Office Properties Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet		Annualized Cash Rent of Expiring Leases(1)	Annualized Cash Rent Per Leased Square Foot of Expiring Leases(2)
2014[3]	23	413,737	7.2	%	$22,307,532	$53.92
2015	26	226,430	3.9		12,848,244	$56.74
2016	21	197,054	3.4		11,227,476	$56.98
2017	14	162,323	2.8		9,602,556	$59.16
2018	24	473,272	8.2		31,757,208	$67.10
2019	8	153,429	2.7		11,071,416	$72.16
2020	13	283,567	4.9		13,900,080	$49.02
2021	8	144,474	2.5		7,215,312	$49.94
2022	11	166,593	2.9		9,730,560	$58.41
2023 & thereafter	27	914,959	15.9		55,989,420	$61.19
Sub-Total/weighted average	175	3,135,838	54.3	%	$185,649,804	$59.20
	1 [4]	2,634,670	45.7		109,811,160	
Total	176	5,770,508	100.0	%	$295,460,964	

(1) Annualized Cash Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2013 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, 2013 for the 12 months ending December 31, 2014 reduced cash rent by approximately $18.0 million for the joint venture properties.

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

(3) Includes 2,354 square feet occupied by month-to-month holdover tenants whose leases expired prior to December 31, 2013.

(4) Represents Citigroup's 13-year net lease at 388-390 Greenwich Street. The net rent as of December 31, 2013 is $41.68 per square foot with annual CPI escalation.

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, 2018, the average annual rollover at our Suburban consolidated and unconsolidated office properties is expected to be approximately 0.3 million square feet and 0.1 million square feet, respectively, representing an average annual expiration rate of 10.9% and 11.4% 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 Suburban consolidated and unconsolidated office properties, respectively, excluding the west coast office portfolio, with respect to leases in place as of December 31, 2013 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):

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Suburban Consolidated Office Properties Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet		Annualized Cash Rent of Expiring Leases(1)	Annualized Cash Rent Per Leased Square Foot of Expiring Leases(2)
2014(3)	68	336,669	10.9	%	$11,578,224	$34.39
2015	49	296,634	9.6		10,012,932	$33.76
2016	59	578,175	18.8		19,378,908	$33.52
2017	38	188,907	6.1		7,525,992	$39.84
2018	42	273,992	8.9		9,353,496	$34.14
2019	21	485,074	15.8		13,125,696	$27.06
2020	18	295,733	9.6		9,297,108	$31.44
2021	15	201,710	6.6		5,327,489	$26.41
2022	9	49,152	1.6		1,540,464	$31.34
2023 & thereafter	26	372,593	12.1		11,720,279	$31.46
Total/weighted average	345	3,078,639	100.00	%	$98,860,588	$32.11

(1) Annualized Cash Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2013 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, 2013 for the 12 months ending December 31, 2014, reduce cash rent by approximately $3.4 million for the properties.

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

(3) Includes 53,343 square feet occupied by month-to-month holdover tenants whose leases expired prior to December 31, 2013.

Suburban Unconsolidated Office Properties Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet		Annualized Cash Rent of Expiring Leases(1)	Annualized Cash Rent Per Leased Square Foot of Expiring Leases(2)
2014(3)	25	185,640	18.3	%	$6,415,776	$34.56
2015	16	133,885	13.2		4,314,204	$32.22
2016	9	69,616	6.9		2,084,016	$29.94
2017	10	83,289	8.2		2,769,216	$33.25
2018	9	104,606	10.3		3,410,401	$32.60
2019	6	63,660	6.3		2,035,896	$31.98
2020	3	41,357	4.1		1,433,196	$34.65
2021	3	76,346	7.5		2,675,448	$35.04
2022	—	—	—		—	—
2023 & thereafter	8	255,327	25.2		6,936,504	$27.17
Total/weighted average	89	1,013,726	100.0	%	$32,074,657	$31.64

(1) Annualized Cash Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2013 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, 2013 for the 12 months ending December 31, 2014, reduce cash rent by approximately $3.5 million for the joint venture properties.

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

(3) Includes 23,932 square feet occupied by month-to-month holdover tenants whose leases expired prior to December 31, 2013.

Tenant Diversification

At December 31, 2013, our Manhattan and Suburban office buildings were leased to approximately 1,218 tenants, which are engaged in a variety of businesses, including professional services, financial services, media, apparel, business services and government/non-profit. The following table sets forth information regarding the leases with respect to the 30 largest tenants in

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our Manhattan and Suburban office buildings, based on the amount of square footage leased by our tenants as of December 31, 2013:

Tenant(1)	Properties	Remaining Lease Term in Months(2)	Total Leased Square Feet	Percentage of Aggregate Portfolio Leased Square Feet		Percentage of Aggregate Portfolio Annualized Cash Rent	
Citigroup, N.A.	388 & 390 Greenwich Street, 485 Lexington Avenue, 750 Third Avenue, 800 Third Avenue, 750 Washington Blvd	264	3,023,423	10.6	%	6.6	%
Viacom International, Inc.	1515 Broadway	210	1,330,735	4.7	%	7.5	%
Credit Suisse Securities (USA), Inc.	1 Madison Avenue , 280 Park Avenue & 1055 Washington	84	1,241,354	4.3	%	6.1	%
AIG Employee Services, Inc.	180 Maiden Lane	4	803,222	2.8	%	1.9	%
Random House, Inc.	1745 Broadway	114	644,598	2.3	%	1.1	%
Debevoise & Plimpton, LLP	919 Third Avenue	96	619,353	2.2	%	1.9	%
The City of New York	16 Court Street & 100 Church Street	243	541,787	1.9	%	1.6	%
Omnicom Group, Inc.	220 East 42nd Street	40	493,560	1.7	%	1.8	%
Ralph Lauren Corporation	625 Madison Avenue	72	339,381	1.2	%	2.1	%
Advance Magazine Group, Fairchild Publications	750 Third Avenue & 485 Lexington Avenue	86	339,195	1.2	%	1.3	%
Harper Collins Publishers LLC	1350 Avenue of the Americas & 10 East 53rd Street	83	289,534	1.0	%	1.0	%
C.B.S. Broadcasting, Inc.	555 West 57th Street	120	283,798	1.0	%	1.0	%
Schulte, Roth & Zabel LLP	919 Third Avenue	90	263,186	0.9	%	0.7	%
HF Management Services LLC	100 Church Street & 521 Fifth Avenue	219	252,762	0.9	%	0.7	%
New York Presbyterian Hospital	673 First Avenue	92	232,772	0.8	%	0.9	%
BMW of Manhattan	555 West 57th Street	103	227,782	0.8	%	0.5	%
Stroock, Stroock & Lavan LLP	180 Maiden Lane	113	223,434	0.8	%	0.5	%
The Travelers Indemnity Company	485 Lexington Avenue & 2 Jericho Plaza	92	213,456	0.7	%	0.9	%
The City University of New York - CUNY	555 West 57th Street & 16 Court Street	204	207,136	0.7	%	0.7	%
Amerada Hess Corp.	1185 Avenue of the Americas	168	181,569	0.6	%	1.1	%
Verizon	120 West 45th Street, 1100 King Street Bldg 1, 1 Landmark Square, 2 Landmark Square & 500 Summit Lake Drive	72	172,502	0.6	%	0.4	%
United Nations	220 East 42nd Street	99	169,137	0.6	%	0.7	%
News America Incorporated	1185 Avenue of the Americas	83	161,722	0.6	%	1.3	%
King & Spalding	1185 Avenue of the Americas	142	159,943	0.6	%	1.2	%

Young & Rubicam, Inc.	3 Columbus Circle	236	159,292	0.6	%	0.4	%
Bloomingdales, Inc.	919 Third Avenue	127	148,465	0.5	%	0.3	%
National Hockey League	1185 Avenue of the Americas	107	148,217	0.5	%	1.1	%
New York Hospitals Center	673 First Avenue	154	147,433	0.5	%	0.7	%
Banque National De Paris	919 Third Avenue	31	145,834	0.5	%	0.4	%
Beth Israel Medical Center & The Mount Sinai Hospital	555 West 57th Street & 625 Madison Avenue	193	144,251	0.5	%	0.5	%
Total Weighted Average(3)			13,308,833	46.6	%	46.9	%

(1) This list is not intended to be representative of our tenants as a whole.

(2) Lease term from December 31, 2013 until the date of the last expiring lease for tenants with multiple leases.

(3) Weighted average calculation based on total rentable square footage leased by each tenant.

Environmental Matters

We engaged independent environmental consulting firms to perform Phase I environmental site assessments on our portfolio, in order to assess existing environmental conditions. All of the Phase I assessments met the ASTM Standard. Under the ASTM Standard, a Phase I environmental site assessment consists of a site visit, an historical record review, a review of regulatory agency

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data bases and records, and interviews with on-site personnel, with the purpose of identifying potential environmental concerns associated with real estate. These environmental site assessments did not reveal any known environmental liability that we believe will have a material adverse effect on our results of operations or financial condition.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2013, we were not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against us or our portfolio other than routine litigation arising in the ordinary course of business or litigation that is adequately covered by insurance.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

SL GREEN REALTY CORP.

SL Green's common stock trades on the New York Stock Exchange, or the NYSE, under the symbol "SLG." On February 14, 2014, the reported closing sale price per share of common stock on the NYSE was $96.67 and there were approximately 332 holders of record of SL Green's common stock. The table below sets forth the quarterly high and low closing sales prices of the common stock on the NYSE and the dividends declared by us with respect to the periods indicated.

	2013			2012		
Quarter Ended	High	Low	Dividends	High	Low	Dividends
March 31	$86.29	$78.16	$0.33	$79.27	$68.16	$0.25
June 30	$94.21	$84.36	$0.33	$83.31	$70.91	$0.25
September 30	$95.61	$85.40	$0.33	$85.14	$76.37	$0.25
December 31	$98.15	$87.63	$0.50	$79.63	$71.37	$0.33

If dividends are declared in a quarter, those dividends are generally paid during the subsequent quarter. We expect to continue our policy of distributing our taxable income through regular cash dividends on a quarterly basis, although there is no assurance as to future dividends because they depend on future earnings, capital requirements and financial condition. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Dividends," for additional information regarding our dividends.

UNITS

At December 31, 2013, there were 2,902,317 units of limited partnership interest of the Operating Partnership outstanding and held by persons other than the Company, which received distributions per unit in the same manner as dividends per share were distributed to common stockholders.

SL GREEN OPERATING PARTNERSHIP, L.P.

There is no established public trading market for the common units of the Operating Partnership. On February 14, 2014, there were approximately 47 holders of record and 98,196,359 common units outstanding, 95,047,602 of which were held by SL Green. The table below sets forth the quarterly distributions paid by the Operating Partnership to holders of its common units with respect to the periods indicated.

	Distributions	
Quarter Ended	2013	2012
March 31	$0.33	$0.25
June 30	$0.33	$0.25
September 30	$0.33	$0.25
December 31	$0.50	$0.33

SL Green expects to pay dividends to its stockholders on a quarterly basis based on the distributions from the Operating Partnership to it primarily from property revenues net of operating expenses or, if necessary, from working capital or borrowings. If SL Green declares a dividend, such dividend is generally paid in the subsequent quarter.

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

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

ISSUER PURCHASES OF EQUITY SECURITIES

None.

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

During the years ended December 31, 2013, 2012, and 2011, we issued 238,867, 1,096,384 and 12,423 shares of SL Green's common stock, respectively, to holders of units of limited partnership interest in the Operating Partnership upon the redemption of such units pursuant to the partnership agreement of the Operating Partnership. The issuance of such shares was exempt from registration under the Securities Act, pursuant to the exemption contemplated by Section 4(2) thereof for transactions not involving a public offering. The units were converted into an equal number of shares of SL Green's common stock.

The following table summarizes information, as of December 31, 2013, relating to our equity compensation plans pursuant to which shares of SL Green's common stock or other equity securities may be granted from time to time.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights		Weighted average exercise price of outstanding options, warrants and rights		Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	
	(a)		(b)		(c)	
Equity compensation plans approved by security holders (1)	4,319,100	(2)	$83.24	(3)	4,624,289	(4)
Equity compensation plans not approved by security holders	—		—		—	
Total	4,319,100		$83.24		4,624,289	

(1) Includes information related to our Third Amended and Restated 2005 Stock Option and Incentive Plan, Amended 1997 Stock Option and Incentive Plan, as amended and 2008 Employee Stock Purchase Plan.

(2) Includes (i) 1,765,000 shares of common stock issuable upon the exercise of outstanding options (461,500 of which are vested and exercisable), (ii) 468,300 restricted stock units and 73,500 phantom stock units that may be settled in shares of common stock (373,600 of which are vested), (iii) 525,000 LTIP units that, upon the satisfaction of certain conditions, are convertible into common units, which may be presented to us for redemption and acquired by us for shares of SL Green's common stock (257,600) of which are vested) and (iv) shares of common stock reserved in connection with LTIP units issued pursuant to the 2011 Long-Term Outperformance Plan, all of which remain subject to performance-based vesting and a dollar value limitation on the number of LTIP units that may be earned based on SL Green's common stock price when the LTIP units are earned.

(3) Because there is no exercise price associated with restricted stock units, phantom stock units or LTIP units, these awards are not included in the weighted-average exercise price calculation.

(4) Balance is after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units, including, among others, outstanding

LTIP Units issued under our 2011 Long-Term Outperformance Plan, which remain subject to performance-based vesting. Number of securities remaining available consists of shares remaining available for issuance under our 2008 Employee Stock Purchase Plan and Third Amended and Restated 2005 Stock Option and Incentive Plan.

On January 23, 2014, we entered into an agreement to acquire a property where the seller may elect to receive a portion of the purchase price not to exceed the equivalent of approximately $27.4 million of our common and/or preferred units of limited partnership interest of the Operating Partnership. The units would be issued in reliance on the exemption from registration provided by Section 4(2) of the Securities Act. We may satisfy redemption requests for common units of limited partnership interests issued to the seller as a portion of the consideration, or upon conversion of convertible preferred units issued as a portion of the consideration, as applicable, with shares of the Company's common stock, on a one-for-one basis, pursuant to the Operating Partnership Agreement.

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected financial data and should be read in conjunction with our Financial Statements and notes thereto included in Item 8, "Financial Statements and Supplementary Data" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-K.

In connection with this Annual Report on Form 10-K, we are restating our historical audited consolidated financial statements as a result of the sale of certain properties. As a result, we have reported revenue and expenses from these properties as discontinued operations for each period presented in our Annual Report on Form 10-K. These reclassifications had no effect on our reported net income or funds from operations.

We are also providing updated summary selected financial information, which is included below, reflecting the prior period reclassification as discontinued operations of the properties sold during 2013 and as of December 31, 2013.

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SL GREEN REALTY CORP.

Operating Data	Years Ended December 31, 2013	2012	2011	2010	2009
(In thousands, except per share data)					
Total revenue	$1,469,077	$1,382,729	$1,246,859	$1,072,716	$970,945
Operating expenses	293,514	292,392	257,938	219,708	207,356
Real estate taxes	218,832	209,337	173,154	143,794	134,622
Ground rent	39,926	37,866	32,919	31,191	31,826
Interest expense, net of interest income	330,215	329,897	285,248	229,978	231,985
Amortization of deferred finance costs	16,695	19,450	14,108	9,037	7,056
Depreciation and amortization	337,692	325,737	271,306	220,003	216,241
Loan loss and other investment reserves, net of recoveries	—	564	6,722	17,751	150,510
Transaction related costs	3,987	5,625	5,561	11,849	—
Marketing, general and administrative	86,192	82,840	80,103	75,946	73,992
Total expenses	1,327,053	1,303,708	1,127,059	959,257	1,053,588
Equity in net income from unconsolidated joint ventures	9,921	76,418	1,583	39,607	62,878
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	3,601	37,053	2,918	128,921	6,691
Purchase price fair value adjustment	(2,305)	—	498,195	—	—
(Loss) gain on sale of investment in marketable securities	(65)	4,940	4,866	490	(396)
Depreciable real estate reserves	—	—	(5,789)	(2,750)	—
(Loss) gain on early extinguishment of debt	(18,518)	(6,978)	904	(1,900)	86,006
Income from continuing operations	134,658	190,454	622,477	277,827	72,536
Discontinued operations	16,625	19,246	54,645	41,329	(871)
Net income	151,283	209,700	677,122	319,156	71,665
Net income attributable to noncontrolling interest in the Operating Partnership	(3,023)	(5,597)	(14,629)	(4,574)	(1,221)
Net income attributable to noncontrolling interests in other partnerships	(10,629)	(5,591)	(15,083)	(14,007)	(12,900)
Preferred unit distributions	(2,260)	(2,107)	—	—	—
Net income attributable to SL Green	135,371	196,405	647,410	300,575	57,544
Preferred stock redemption costs	(12,160)	(10,010)	—	—	—
Preferred dividends	(21,881)	(30,411)	(30,178)	(29,749)	(19,875)
Net income attributable to SL Green common stockholders	$101,330	$155,984	$617,232	$270,826	$37,669
Net income per common share—Basic	$1.10	$1.75	$7.37	$3.47	$0.54
Net income per common share—Diluted	$1.10	$1.74	$7.33	$3.45	$0.54
Cash dividends declared per common share	$1.49	$1.08	$0.55	$0.40	$0.68
Basic weighted average common shares outstanding	92,269	89,319	83,762	78,101	69,735
Diluted weighted average common shares and common share equivalents outstanding	95,266	92,873	86,244	79,761	72,044

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Balance Sheet Data (In thousands)	As of December 31, 2013	2012	2011	2010	2009
Commercial real estate, before accumulated depreciation	$12,333,780	$11,662,953	$11,147,151	$8,890,064	$8,257,100
Total assets	14,959,001	14,386,296	13,483,881	11,301,540	10,488,410
Mortgages and other loans payable, revolving credit facility, term loan and senior unsecured notes and trust preferred securities	6,919,908	6,520,420	6,035,397	5,251,013	4,892,688
Noncontrolling interests in the Operating Partnership	265,476	212,907	195,030	84,338	84,618
Equity	7,016,876	6,907,103	6,453,309	5,397,544	4,913,129

Other Data (In thousands)	Years Ended December 31, 2013	2012	2011	2010	2009
Funds from operations available to all stockholders(1)	$491,597	$490,255	$413,813	$389,161	$318,817
Net cash provided by operating activities	386,203	346,753	307,118	318,518	274,586
Net cash (used in) provided by investing activities	(628,435)	(1,163,403)	(733,855)	21,355	(344,754)
Net cash provided by (used in) financing activities	258,940	868,442	232,099	(350,758)	(313,006)

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(1) Funds From Operations, or FFO, is a widely recognized measure of REIT performance. We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with the NAREIT definition, or that interpret the NAREIT definition differently than we do. The revised White Paper on FFO approved by the Board of Governors of NAREIT in April 2002, and as subsequently amended, defines FFO as net income (loss) (computed in accordance with generally accepted accounting principles, or GAAP), excluding gains (or losses) from debt restructurings, sales of properties and real estate related impairment charges, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. We present FFO because we consider it an important supplemental measure of our operating performance and believe that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITS, particularly those that own and operate commercial office properties. We also use FFO as one of several criteria to determine performance-based bonuses for members of our senior management. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, interest costs, providing perspective not immediately apparent from net income. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP), as an indication of our financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

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

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SL GREEN OPERATING PARTNERSHIP, L.P.

Operating Data	Years Ended December 31, 2013	2012	2011	2010	2009
(In thousands, except per unit data)					
Total revenue	$1,469,077	$1,382,729	$1,246,859	$1,072,716	$970,945
Operating expenses	293,514	292,392	257,938	219,708	207,356
Real estate taxes	218,832	209,337	173,154	143,794	134,622
Ground rent	39,926	37,866	32,919	31,191	31,826
Interest expense, net of interest income	330,215	329,897	285,248	229,978	231,985
Amortization of deferred finance costs	16,695	19,450	14,108	9,037	7,056
Depreciation and amortization	337,692	325,737	271,306	220,003	216,241
Loan loss and other investment reserves, net of recoveries	—	564	6,722	17,751	150,510
Transaction related costs	3,987	5,625	5,561	11,849	—
Marketing, general and administrative	86,192	82,840	80,103	75,946	73,992
Total expenses	1,327,053	1,303,708	1,127,059	959,257	1,053,588
Equity in net income from unconsolidated joint ventures	9,921	76,418	1,583	39,607	62,878
Equity in net gain on sale of interest in unconsolidated joint venture/ real estate	3,601	37,053	2,918	128,921	6,691
Purchase price fair value adjustment	(2,305)	—	498,195	—	—
(Loss) gain on sale of investment in marketable securities	(65)	4,940	4,866	490	(396)
Depreciable real estate reserves	—	—	(5,789)	(2,750)	—
(Loss) gain on early extinguishment of debt	(18,518)	(6,978)	904	(1,900)	86,006
Income from continuing operations	134,658	190,454	622,477	277,827	72,536
Discontinued operations	16,625	19,246	54,645	41,329	(871)
Net income	151,283	209,700	677,122	319,156	71,665
Net income attributable to noncontrolling interests in other partnerships	(10,629)	(5,591)	(15,083)	(14,007)	(12,900)
Preferred unit distributions	(2,260)	(2,107)	—	—	—
Net income attributable to SLGOP	138,394	202,002	662,039	305,149	58,765
Preferred unit redemption costs	(12,160)	(10,010)	—	—	—
Preferred dividends	(21,881)	(30,411)	(30,178)	(29,749)	(19,875)
Net income attributable to SLGOP common stockholders	$104,353	$161,581	$631,861	$275,400	$38,890
Net income per common unit—Basic	$1.10	$1.75	$7.37	$3.47	$0.54
Net income per common unit—Diluted	$1.10	$1.74	$7.33	$3.45	$0.54
Cash dividends declared per common unit	$1.49	$1.08	$0.55	$0.40	$0.68
Basic weighted average common units outstanding	95,004	92,526	85,747	79,422	71,965
Diluted weighted average common units and common units equivalents outstanding	95,266	92,873	86,244	79,761	72,044

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	As of December 31,				
Balance Sheet Data (In thousands)	2013	2012	2011	2010	2009
Commercial real estate, before accumulated depreciation	$12,333,780	$11,662,953	$11,147,151	$8,890,064	$8,257,100
Total assets	14,959,001	14,386,296	13,483,881	11,301,540	10,488,410
Mortgages and other loans payable, revolving credit facility, term loan and senior unsecured notes and trust preferred securities	6,919,908	6,520,420	6,035,397	5,251,013	4,892,688
Capital	7,282,352	7,120,010	6,650,339	5,481,882	4,997,747

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

SL Green Realty Corp., which is referred to as SL Green or the Company, a Maryland corporation, and SL Green Operating Partnership, L.P., which is referred to as SLGOP or the Operating Partnership, a Delaware limited partnership, were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities. The Company is a self-managed real estate investment trust, or REIT, with in-house capabilities in property management, acquisitions, financing, development, construction and leasing. Unless the context requires otherwise, all references to "we," "our" and "us" means the Company and all entities owned or controlled by the Company, including the Operating Partnership.

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

The following discussion related to our consolidated financial statements should be read in conjunction with the financial statements appearing in Item 8 of this Annual Report on Form 10-K.

The New York City commercial real estate market continued to strengthen in 2013, and we took advantage of this strengthening market in improving occupancies and deploying capital in the borough of Manhattan to strategically position the Company for future growth.

Leasing and Operating

We have historically outperformed the Manhattan office market, and did so again in 2013. Our Manhattan office property occupancy on same-store properties based on leases signed increased to 96.6% from 95.1% in the prior year. During 2013, we signed office leases in Manhattan encompassing 5.2 million square feet, of which 4.3 million square feet represented office leases that replaced previously occupied space. Our mark-to-market on these 4.3 million square feet of signed Manhattan office leases that replaced previously occupied space was 9.5% for 2013. The highlight of our leasing activity during 2013 was the signing of an agreement extending Citigroup's triple-net lease covering 2,634,670 square feet at 388-390 Greenwich Street through December 31, 2035. The agreement includes an option for Citigroup to acquire the properties during the period from December 1, 2017 through December 31, 2020 for $2.0 billion. The mark-to-market based on Citigroup's cash rent in the extension period is 12.8 percent.

New leasing activity in Manhattan in 2013 totaled 25.7 million square feet, slightly below the ten-year average but higher than 2012. Of the total 2013 leasing activity in Manhattan, the Midtown submarket accounted for approximately 16.0 million square feet, or 62.3%. Midtown's overall office vacancy increased from 10.3% at December 31, 2012 to 11.2% at December 31, 2013. However, 1.2 million square feet of new office space was added to the Midtown office inventory, with approximately 2.2 million square feet (0.6% of the total 395.3 million square foot Manhattan office inventory) currently under construction and scheduled to be placed in service by 2015 or early 2016.

Demand for space in certain sub-markets such as Midtown South and a lack of new supply created conditions in which asking rents for direct space in Midtown South increased during 2013 by 27.3% to $63.67 per square foot. Asking rents for direct space in Midtown increased during 2013 by 2.6% to $70.54 per square foot and have increased by 10.5% since the recessionary trough in in the first quarter of 2010. Over the same period, net effective rents (which take into consideration leasing concessions) have increased by 21.5%.

Acquisition and Disposition Activity

Sales volume in Manhattan in 2013 increased 5.3% to $30.0 billion compared to $28.5 billion in 2012, partly as a result of a flurry of activity in the fourth quarter. Nevertheless, consistent with our multi-faceted approach to property acquisitions, we were able to source transactions that provide value enhancement opportunities, including the acquisition of equity interests in six office, retail and multi-family properties during 2013, representing total investments of $0.7 billion.

We also took advantage of the improving market conditions and interest by institutions and individuals seeking ownership interests in properties to sell assets, disposing of properties with more limited growth opportunities, and raising efficiently priced capital for reinvestment. During the year, we sold our fee interest in 333 West 34th Street, New York, New York, 300 Main Street, Stamford, Connecticut, and 44 West 55th Street, New York, New York, .

Debt and Preferred Equity

Beginning in 2010, we saw an increase in opportunities to acquire existing debt and preferred equity positions in high quality Manhattan office properties at discounts that enabled us to generate high risk adjusted yields, and offer off-market access to property acquisitions. As 2013 progressed, and the availability of acquiring discounted debt and preferred equity in high quality properties waned, we began to focus on the origination of financings, typically in the form of preferred equity and mezzanine

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debt, for owners or acquirers seeking higher leverage than was available from traditional lending sources lending at modest leverage levels. Traditional sources of junior financings have not yet materialized. This provided us with an opportunity to fill a need for additional debt by providing more modest amounts of leverage. The typical investments made by us during 2013 were to reputable owners or acquirers, and at leverage levels which are senior to sizable equity investments by the sponsors. During 2013, our debt and preferred equity activities included purchases and originations, inclusive of accretion of reserves, previous discounts and pay-in-kind interest, of approximately $601.3 million, and sales, redemption and participations of approximately $644.9 million.

Highlights from 2013

Our significant activities for 2013 included:

- Directly acquiring four buildings for an aggregate gross purchase price of $533.0 million encompassing 0.6 million square feet.
- Investing in two properties through joint ventures at implied gross valuations of $151.1 million and encompassing 0.4 million square feet.
- Issuing 2.6 million shares of SL Green's common stock raising net proceeds of $248.9 million.
- Redeeming all 7.7 million outstanding shares of 7.625% Series C Cumulative Redeemable Preferred Stock.
- Closing on a $300.0 million refinancing of the Company's MRA facility which replaced the former $175.0 million facility.
- Closing on a $900.0 million mortgage refinancing which replaced the former $775.0 million mortgage.
- Closing on two mortgages totaling approximately $297.0 million.
- Signing 233 office leases totaling 5.2 million square feet in Manhattan.
- Signing 143 office leases totaling 0.9 million square feet in our Suburban properties.

As of December 31, 2013, we owned the following interests in commercial office buildings 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 Northern New Jersey, which are collectively known as the Suburban properties:

Location	Ownership	Number of Buildings	Square Feet	Weighted Average Occupancy(1)	
Manhattan	Consolidated properties	23	17,306,045	94.5	%
	Unconsolidated properties	9	5,934,434	96.6	%
Suburban	Consolidated properties	26	4,087,400	79.8	%
	Unconsolidated properties	4	1,222,100	87.2	%
		62	28,549,979	92.5	%

(1) The weighted average occupancy represents the total leased square feet divided by total available rentable square feet.

As of December 31, 2013, we also owned investments in 16 retail properties encompassing approximately 875,800 square feet, 20 development buildings encompassing approximately 3,230,800 square feet, four residential buildings encompassing 801 units (approximately 719,900 square feet), two land interests encompassing approximately 961,400 square feet. The Company also has ownership interests in 28 west coast properties encompassing 52 buildings totaling approximately 3,654,300 square feet. In addition, we manage two office buildings owned by third parties and affiliated companies encompassing approximately 626,400 square feet. As of December 31, 2013, we also held debt and preferred equity investments with a book value of $1.3 billion.

Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the

reported amounts of assets, liabilities, and contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We evaluate our assumptions and estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making

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judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Investment in Commercial Real Estate Properties

On a periodic basis, we assess whether there are any indications that the value of our real estate properties may be impaired or that their carrying value may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted and without interest charges for consolidated properties) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the calculated fair value of the property. We do not believe that the values of any of our consolidated properties were impaired at December 31, 2013.

We also evaluate our real estate properties for potential impairment when a real estate property has been classified as held for sale. Real estate assets held for sale are valued at the lower of their carrying value or fair value less costs to sell. In June 2013, we recorded a $2.2 million impairment charge in connection with the sale of 300 Main Street in Stamford, Connecticut.

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

When we acquire partner's equity interests in an existing unconsolidated joint venture and gain control over the investment, we record the consolidated investment at fair value. The difference between the book value of our equity investment on the purchase date and our share of the fair value of the investment’s purchase price is recorded as a purchase price fair value adjustment in our consolidated statements of income. In April 2013, we recognized a purchase price fair value adjustment of $(2.3) million in connection with the consolidation of 16 Court Street, which was previously accounted for as an investment in unconsolidated joint venture.

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

Investment in Unconsolidated Joint Ventures

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

to a clawback feature. Distributions we receive from unconsolidated real estate joint ventures in excess of our basis in the investment are recorded as offsets to our investment balance if we remain liable for future obligations of the joint venture or may otherwise be committed to provide future additional financial support. None of the joint venture debt is recourse to us, except for $218.4 million which we guarantee at two joint ventures and performance guarantees under master leases at two other joint ventures. See Note 6, "Investments in Unconsolidated Joint Ventures," in the accompanying consolidated financial statements.

We assess our investments in unconsolidated joint ventures for recoverability, and if it is determined that a loss in value of the investment is other than temporary, we write down the investment to its fair value. We evaluate our equity investments for impairment based on the joint venture's projected discounted cash flows. During the year ended December 31, 2011, we recorded a $5.8 million impairment charge on one of our equity investments, which we sold in July 2012. These charges are included in depreciable real estate reserves in the accompanying consolidated statements of income. See Note 6, "Investments in Unconsolidated Joint Ventures," in the accompanying consolidated financial statements. We do not believe that the values of any of our equity investments were impaired at December 31, 2013.

Revenue Recognition

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

Interest income on debt and preferred equity investments is recognized over the life of the investment using the effective interest method and recognized on the accrual basis. Fees received in connection with loan commitments are deferred until the loan is funded and are then recognized over the term of the loan as an adjustment to yield. Anticipated exit fees, whose collection is expected, are also recognized over the term of the loan as an adjustment to yield. Fees on commitments that expire unused are recognized at expiration.

Income recognition is generally suspended for debt and preferred equity investments at the earlier of the date at which payments become 90 days past due or when, in the opinion of management, a full recovery of interest income becomes doubtful. Interest income recognition is resumed when the loan becomes contractually current and performance is demonstrated to be resumed.

Allowance for Doubtful Accounts

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

Reserve for Possible Credit Losses

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

Where impairment is indicated on an investment that is held to maturity, a valuation allowance is measured based upon the excess of the recorded investment amount over the net fair value of the collateral. Any deficiency between the carrying amount of an asset and the calculated value of the collateral is charged to expense. The write off of the reserve balance is called a charge off. We continue to assess or adjust our estimates based on circumstances of a loan and the underlying collateral. If the additional information obtained reflects increased recovery of our investment, we will adjust our reserves accordingly. There were no additional loan reserves recorded during the year ended December 31, 2013. We recorded loan loss reserves of $3.0 million and $10.9 million on investments being held to maturity during the years ended December 31, 2012 and 2011, respectively. We also recorded recoveries of approximately $2.4 million and $4.4 million during the years ended December 31, 2012 and 2011, respectively, in connection with the sale of our investments. This is included in loan loss and other investment reserves, net of recoveries on the

accompanying consolidated statements of income.

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

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preferred equity investments held to maturity. For these reclassified investments, the difference between the current carrying value and the expected cash to be collected at maturity will be accreted into income over the remaining term of the investment.

Derivative Instruments

In the normal course of business, we use a variety of derivative instruments to manage, or hedge, interest rate risk. We require that hedging derivative instruments be effective in reducing the interest rate risk exposure that they are designated to hedge if the hedge is to qualify for hedge accounting. Some derivative instruments are associated with an anticipated transaction. In those cases, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the derivative contract.

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

Results of Operations

Comparison of the year ended December 31, 2013 to the year ended December 31, 2012

The following comparison for the year ended December 31, 2013, or 2013, to the year ended December 31, 2012, or 2012, makes reference to the following: (i) the effect of the “Same-Store Properties,” which represents all operating properties owned by us in the same manner at January 1, 2012 and at December 31, 2013 and totaled 46 of our 49 consolidated operating properties, representing approximately 83.9% of our share of annualized cash rent, (ii) the effect of the “Acquisitions,” which represents all properties or interests in properties acquired in 2013 and 2012 and all non-Same-Store Properties, including properties deconsolidated during the period, and (iii) “Other,” which represents corporate level items not allocable to specific properties, as well as the Service Corporation and eEmerge Inc. Any assets sold or held for sale are excluded from the income from continuing operations and from the following discussion.

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	Same-Store				Acquisition		Other		Consolidated			
(in millions)	2013	2012	$ Change	% Change	2013	2012	2013	2012	2013	2012	$ Change	% Change
Rental revenue	$983.2	$966.2	$17.0	1.8 %	$99.3	$84.5	$(1.8)	$12.0	$1,080.7	$1,062.7	$18.0	1.7 %
Escalation and reimbursement	157.6	152.8	4.8	3.1 %	11.2	10.3	0.7	2.0	169.5	165.1	4.4	2.7 %
Investment income	—	—	—	— %	—	—	193.8	119.2	193.8	119.2	74.6	62.6 %
Other income	6.1	10.8	(4.7)	(43.5)%	0.5	0.4	18.5	24.5	25.1	35.7	(10.6)	(29.7)%
Total revenues	1,146.9	1,129.8	17.1	1.5 %	111.0	95.2	211.2	157.7	1,469.1	1,382.7	86.4	6.2 %
Property operating expenses	487.7	472.3	15.4	3.3 %	51.6	49.6	13.0	17.7	552.3	539.6	12.7	2.4 %
Loan loss and other investment reserves, net of recoveries	—	—	—	— %	—	—	—	0.6	—	0.6	(0.6)	(100.0)%
Transaction related costs, net of recoveries	—	—	—	— %	3.4	4.6	0.6	1.0	4.0	5.6	(1.6)	(28.6)%
Marketing, general and administrative	—	—	—	— %	—	—	86.2	82.8	86.2	82.8	3.4	4.1 %
	487.7	472.3	15.4	3.3 %	55.0	54.2	99.8	102.1	642.5	628.6	13.9	2.2 %
Net operating income	$659.2	$657.5	$1.7	0.3 %	$56.0	$41.0	$111.4	$55.6	826.6	754.1	72.5	9.6 %
Other income (expenses):												
Interest expense, net of interest income									(346.9)	(349.3)	2.4	(0.7)%
Depreciation and amortization									(337.7)	(325.7)	(12.0)	3.7 %
Equity in net income from unconsolidated joint ventures									9.9	76.4	(66.5)	(87.0)%
Equity in net gain on sale of interest in unconsolidated joint									3.6	37.1	(33.5)	(90.3)%

venture/real estate				
Purchase price fair value adjustment	(2.3)	—	(2.3)	(100.0)%
Gain on sale of investment in marketable securities	—	4.9	(4.9)	(100.0)%
Loss on early extinguishment of debt	(18.5)	(7.0)	(11.5)	164.3 %
Income from continuing operation	134.7	190.5	(55.8)	(29.3)%
Net income from discontinued operations	1.7	12.6	(10.9)	(86.5)%
Gain on sale of discontinued operations	14.9	6.6	8.3	125.8 %
Net income	$151.3	$209.7	$(58.4)	(27.8)%

Rental, Escalation and Reimbursement Revenues

Occupancy in the Same-Store consolidated properties increased to 91.7% at December 31, 2013 as compared to 91.3% at December 31, 2012. Occupancy for our Same-Store Manhattan consolidated portfolio increased to 94.5% at December 31, 2013 as compared to 94.1% at December 31, 2012. Occupancy for our Suburban consolidated portfolio increased to 79.8% at December 31, 2013 as compared to 79.6% at December 31, 2012.

Rental revenues depend on our ability to maintain the occupancy rates of currently leased space and to lease currently available space and space available from unscheduled lease terminations.

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The following table presents a summary of the leasing activity for the year ended December 31, 2013 in our Manhattan and Suburban portfolio:

	Useable SF	Rentable SF	New Cash Rent (per rentable SF) (1)	Prev. Escalated Rent (per rentable SF) (2)	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Manhattan							
Vacancy at beginning of year	1,438,147						
Properties under development	(115,092)						
Space which became available during the year(3)							
• Office	1,038,374						
• Retail	31,772						
• Storage	7,589						
	1,077,735						
Total space available	2,400,790						
Space leased during the year:							
• Office(4)	1,209,711	1,295,941	$50.57	$58.54	$52.34	4.3	8.8
• Retail	28,384	32,035	$117.44	$82.60	$72.41	5.7	16.2
• Storage	7,424	10,373	$22.33	$31.50	$6.02	0.3	6.7
Total space leased	1,245,519	1,338,349	$51.95	$59.31	$52.46	4.3	9.0
Total available space at end of year	1,155,271						
Early renewals							
• Office	3,496,525	3,573,999	$49.38	$44.00	$45.76	5.7	13.1
• Retail	46,803	51,678	$188.71	$131.61	$20.78	—	7.7
• Storage	5,952	6,878	$27.28	$25.49	$3.46	—	6.8
Total early renewals	3,549,280	3,632,555	$51.32	$45.21	$45.32	5.6	13.0
Total commenced leases, including replaced previous vacancy							
• Office		4,869,940	$49.70	$45.93	$47.51	5.3	11.9
• Retail		83,713	$161.44	$116.89	$40.54	2.2	10.9
• Storage		17,251	$24.30	$27.49	$5.00	0.2	6.7
Total commenced leases		4,970,904	$51.49	$47.13	$47.24	5.3	11.9

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	Useable SF	Rentable SF	New Cash Rent (per rentable SF) (1)	Prev. Escalated Rent (per rentable SF) (2)	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Suburban							
Vacancy at beginning of period	1,106,957						
Sold vacancies	(24,059)						
Space which became available during the year(3)							
• Office	528,524						
• Retail	2,253						
• Storage	6,197						
	536,974						
Total space available	1,619,872						
Space leased during the year:							
• Office(5)	544,189	559,722	$27.92	$30.29	$32.63	5.1	6.8
• Retail	1,753	1,892	$80.75	$125.06	$0.57	3.3	7.5
• Storage	4,082	4,658	$13.00	$10.18	$0.46	—	6.1
	550,024	566,272	$27.97	$30.82	$32.25	5.1	6.8
Total available space at end of the year	1,069,848						
Early renewals							
• Office	284,363	288,007	$31.52	$33.20	$20.99	5.5	7.6
• Retail	—	—	$—	$—	$—	—	—
• Storage	740	940	$12.00	$11.00	$—	—	9.8
	285,103	288,947	$31.46	$33.12	$20.92	5.40	7.6
Total commenced leases, including replaced previous vacancy							
• Office		847,729	$29.14	$31.90	$28.67	5.2	7.1
• Retail		1,892	$80.75	$125.06	$0.57	3.3	7.5
• Storage		5,598	$12.83	$10.39	$0.38	—	6.7
		855,219	$29.15	$32.09	$28.42	5.2	7.1

(1) Annual initial base rent.

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

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

(4) Average starting office rent excluding new tenants replacing vacancies was $54.34 per rentable square feet for 547,862 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was $50.04 per rentable square feet for 4,121,861 rentable square feet.

(5) Average starting office rent excluding new tenants replacing vacancies was $30.07 per rentable square feet for 230,916 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was $30.88 per rentable square feet for 518,923 rentable square feet.

At December 31, 2013, approximately 9.0% and 10.9% of the office space leased at our consolidated Manhattan and Suburban office properties, respectively, is expected to expire during 2014. Based on our estimates, the current market asking rents on these expected 2014 lease expirations at our consolidated Manhattan office properties would be approximately 14.6% higher than the existing in-place fully escalated rents while the current market asking rents on all our consolidated Manhattan office properties were approximately 15.4% than the existing in-place fully escalated rents on leases that are scheduled to expire in all future years. Based on our estimates, the current market asking rents on these expected 2014 lease expirations at our consolidated Suburban office properties would be approximately 3.7% lower than the existing in-place fully escalated rents while the current market asking rents on all our consolidated Suburban office properties were approximately 3.4% higher than the existing in-place fully escalated rents on leases that are scheduled to expire in all future years.

Rental revenues increased primarily as a result of an increase in occupancy at our Same-Store properties ($17.0 million) as discussed above and for properties acquired subsequent to May 2012 ($34.5 million). This increase was partially offset by our

reduced ownership and deconsolidation of 521 Fifth Avenue ($20.8 million) and the West Coast portfolio ($14.1 million). In November 2012, we sold 49.5% of our partnership interest in 521 Fifth Avenue. As we no longer control its activities, we deconsolidated the entity and have accounted for our remaining investment under the equity method of accounting. In late September 2012, we formed a joint venture for the recapitalization of the West Coast portfolio. Prior to the recapitalization, we consolidated the investment for the months of August and September 2012 as a result of our 63.18% ownership interest and control over its activities. Immediately following the recapitalization, our ownership interest was 27.63%. The change in ownership resulted in a change in the accounting from consolidating the investment to accounting for the joint venture under the equity method of accounting. As of December 31, 2013, we had a 43.74% effective ownership interest in the West Coast portfolio. For further details, see Note 6, "Investments in Unconsolidated Joint Ventures" in the accompanying consolidated financial statements.

Escalation and reimbursement revenue increased primarily as a result of higher recoveries at the Same-Store Properties ($4.8 million) and for properties acquired subsequent to May 2012 ($3.2 million). The increase was partially offset by the change in accounting for 521 Fifth Avenue ($2.0 million) and the West Coast portfolio ($1.7 million), as discussed above. The increase in escalation and reimbursement revenue at the Same-Store Properties was primarily a result of higher real estate recoveries ($3.8 million) and operating expense escalations ($3.4 million), partially offset by lower electric reimbursements ($2.4 million).

Investment Income

Investment income increased primarily as a result of additional income recognized from the sale of a 50% interest in one investment ($12.9 million), additional income associated with the repayment of one investment ($6.4 million), and the remaining increase is primarily attributable to a higher average investment balance and weighted average yield for the year ended December 31, 2013. In 2012, an entity that held a property in London, which served as collateral for one of our loan positions, was determined to be a VIE under a reconsideration event and we were determined to be the primary beneficiary. As a result of this determination, we consolidated the entity and reclassified the investment to assets held for sale on the consolidated balance sheet in June 2012. We recognized additional income of $5.2 million in 2012 as a result of this transaction. The weighted average investment balance outstanding and weighted average yield were $1.3 billion and 11.2%, respectively, for the year ended December 31, 2013 as compared to $1.1 billion and 9.8%, respectively, for the year ended December 31, 2012. As of December 31, 2013, our debt and preferred equity investments had a weighted average term to maturity of approximately 2.2 years.

Other Income

Other income decreased primarily as a result of lower other income at the Same-Store Properties ($4.7 million), lower asset management fee ($3.2 million), one-time acquisition fees ($2.1 million) earned in 2012 in connection with our investments in 33 Beekman and 10 East 53rd Street and a pre-development fee at 180 Broadway ($1.5 million) which was terminated in December 2012. This decrease was partially offset by an expense reimbursement received in 2013 ($4.2 million). The decrease in Same-Store Properties was primarily a result of lower lease buy-out income ($3.7 million) and real estate tax refunds received in 2012 ($1.6 million).

Property Operating Expenses

Property operating expenses increased primarily as a result of higher operating expenses at the Same-Store Properties ($15.4 million) and for properties acquired subsequent to May 2012 ($13.2 million), partially offset by the change in accounting for the West Coast portfolio ($9.0 million) and 521 Fifth Avenue ($8.6 million), as discussed above. The increase in property operating expenses at the Same-Store Properties was due mainly to higher real estate taxes ($8.8 million), ground rent ($2.0 million), payroll costs ($3.2 million) and insurance ($1.3 million), partially offset by lower utility expenses ($3.4 million).

Transaction Related Costs

Transaction related costs decreased primarily as a result of a reimbursement of expenses previously incurred.

Marketing, General and Administrative Expenses

Marketing, general and administrative expenses for the year ended December 31, 2013 were $86.2 million, or 5.0% of total revenues including our share of joint venture revenues and less than 1.0% of total assets including our share of joint venture assets compared to $82.8 million, or 5.1% of total revenues including our share of joint venture revenues and less than 1.0% of total assets including our share of joint venture assets for the year ended December 31, 2012.

Interest Expense, Net of Interest Income

Interest expense, net of interest income, increased primarily as a result of the issuance of a $200.0 million aggregate principal amount of 4.5% senior notes in November 2012 ($8.1 million), the refinancing of 1515 Broadway ($5.9 million) and 100 Church ($5.1 million), increased borrowings from our MRA facility ($4.8 million) and 2012 credit facility ($2.2 million). This increase was partially offset by the repayment of debt balances at 609 Fifth Avenue ($6.2 million) and 110 East 42nd Street ($3.7 million) and the change in accounting in the West Coast portfolio ($6.6 million) and 521 Fifth Avenue ($4.4 million), as discussed above. The weighted average debt balance outstanding increased from $6.5 billion during the year ended December 31, 2012 to $6.8

billion during the year ended December 31, 2013. The weighted average interest rate slightly decreased from 4.87% for the year ended December 31, 2012 to 4.81% for the year ended December 31, 2013.

Depreciation and Amortization

Depreciation and amortization increased mainly as a result of assets acquired subsequent to May 2012 ($12.5 million), the write-off of tenant improvements and in-place leases relating to a former tenant that filed for bankruptcy in August 2013 ($4.7 million) and an increase in capital expenditures at the properties. This increase was partially offset by the change in accounting for the West Coast portfolio ($14.5 million) and in 521 Fifth Avenue ($6.8 million), as discussed above.

Equity in Net Income From Unconsolidated Joint Ventures

Equity in net income from unconsolidated joint ventures decreased primarily as a result of of additional income recognized in 2012 due to the recapitalization of 717 Fifth Avenue ($67.9 million), the repayment of outstanding debt at a discount for the Meadows ($10.8 million) and the net loss associated with the change in ownership interest and accounting in the West Coast portfolio ($16.0 million), as discussed above. The decrease was partially offset by higher net income contributions from 388-390 Greenwich Street ($14.1 million) primarily as a result of reducing the interest rate on its fixed rate loan from 5.2% to 3.2% beginning December 2012 via an interest rate swap and Herald Center ($3.9 million) as a result of the early redemption of its preferred equity investment. Occupancy at our unconsolidated Manhattan office properties was 96.6% at December 31, 2013 and 95.0% at December 31, 2012. Occupancy at our unconsolidated Suburban office properties was at 87.2% December 31, 2013 and 84.7% at December 31, 2012. At December 31, 2013, approximately 7.2% and 18.3% of the space leased at our Manhattan and Suburban joint venture office properties, respectively, were expected to expire during the remainder of 2014. We estimate that current market asking rents on these expected 2014 lease expirations at our Manhattan and Suburban joint venture office properties are approximately 26.1% higher and 5.4% lower, respectively, than then existing in-place fully escalated rents.

Equity in Net Gain on Sale of Interest in Unconsolidated Joint Ventures

During the year ended December 31, 2013, we recognized gains on the sale of our partnership interest in 27-29 West 34th Street ($7.6 million) and from the sale of three properties in the West Coast portfolio ($2.1 million), partially offset by additional post closing costs related to the sale of 49.5% of our partnership interest in 521 Fifth Avenue ($2.8 million). During the year ended December 31, 2012, we recognized gains in connection with the sale of the properties located at 141 Fifth Avenue ($7.3 million), 379 West Broadway ($6.5 million), and One Court Square ($1.0 million). Additionally, we recognized a gain on sale of interests in the property located at 717 Fifth Avenue ($3.0 million).

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt for the year ended December 31, 2013 relates mainly to the refinancing of the mortgage at 1515 Broadway. Loss on early extinguishment of debt for the year ended December 31, 2012 was a result of the repurchase of a portion of certain senior notes ($3.8 million) and repayment of debt for 609 Fifth Avenue ($3.1 million).

Discontinued Operations

Discontinued operations for the year ended December 31, 2013 includes the gain on sale recognized for 333 West 34th Street ($13.8 million), which closed in August 2013, and 44 West 55th Street ($1.1 million), which closed in February 2013, and the results of operations for 333 West 34th Street, 44 West 55th Street and 300 Main Street, which closed in September 2013. Included in the results of operations is an impairment charge of $2.2 million for 300 Main Street, which was recorded in the second quarter of 2013. Discontinued operations for the year ended December 31, 2012 included the gain on sale recognized for 292 Madison Avenue ($6.6 million), which was sold in February 2012, and the results of operations for 292 Madison Avenue, 333 West 34th Street, 44 West 55th Street and 300 Main Street.

Comparison of the year ended December 31, 2012 to the year ended December 31, 2011

The following comparison for the year ended December 31, 2012, or 2012, to the year ended December 31, 2011, or 2011, makes reference to the following: (i) the effect of the "Same-Store Properties," which represents all operating properties owned by us in the same manner at January 1, 2011 and at December 31, 2012 and totaled 44 of our 52

consolidated properties, representing approximately 71% of our share of annualized rental revenue, (ii) the effect of the "Acquisitions," which represents all properties or interests in properties acquired in 2011 and 2012 and all non-Same-Store Properties, including properties deconsolidated during the period, and (iii) "Other," which represents corporate level items not allocable to specific properties, as well as the Service Corporation and eEmerge Inc. Any assets sold or held for sale are excluded from the income from continuing operations and from the following discussion.

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	Same-Store				Acquisition		Other		Consolidated			
(in millions)	2012	2011	$ Change	% Change	2012	2011	2012	2011	2012	2011	$ Change	% Change
Rental revenue	$848.5	$844.7	$3.8	0.4 %	$202.1	$101.9	$12.1	$0.8	$1,062.7	$947.4	$115.3	12.2 %
Escalation and reimbursement	118.0	119.6	(1.6)	(1.3)%	45.0	23.5	2.1	0.4	165.1	143.5	21.6	15.1 %
Investment and preferred equity income	—	—	—	— %	—	—	119.2	120.4	119.2	120.4		