SL GREEN REALTY CORP
Form 10-Q
August 08, 2018

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

FORM 10-Q
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2018
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)

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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	Emerging Growth Company	o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. 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	Emerging Growth Company	o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. 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

As of August 7, 2018, 86,566,698 shares of SL Green Realty Corp.'s common stock, par value $0.01 per share, were outstanding. As of August 7, 2018, 1,468,438 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.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended June 30, 2018 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.
As of June 30, 2018 the Company owns 94.80% 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 June 30, 2018, noncontrolling investors held, in aggregate, a 5.20% 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 as noncontrolling interests, within mezzanine equity, in the Company's and the Operating Partnership's consolidated financial statements.
We believe combining the quarterly reports on Form 10-Q of the Company and the Operating Partnership into this single report results in the following benefits:

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

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

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

Note 11, Noncontrolling Interests on the Company’s Consolidated Financial Statements;
Note 12, Stockholders' Equity of the Company;
Note 13, Partners' Capital of the Operating Partnership.

This report also includes separate Part I, Item 4. 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 FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SL Green Realty Corp.
Consolidated Balance Sheets
(in thousands)

	June 30, 2018	December 31, 2017
	(unaudited)	
Assets		
Commercial real estate properties, at cost:		
Land and land interests	$1,893,047	$2,357,051
Building and improvements	5,225,431	6,351,012
Building leasehold and improvements	1,423,994	1,450,614
Properties under capital lease	47,445	47,445
	8,589,917	10,206,122
Less: accumulated depreciation	(1,994,696)	(2,300,116)
	6,595,221	7,906,006
Assets held for sale	593,995	338,354
Cash and cash equivalents	287,240	127,888
Restricted cash	92,740	122,138
Investments in marketable securities	28,570	28,579
Tenant and other receivables, net of allowance of $16,558 and $18,637 in 2018 and 2017, respectively	47,482	57,644
Related party receivables	27,854	23,039
Deferred rents receivable, net of allowance of $15,776 and $17,207 in 2018 and 2017, respectively	322,656	365,337
Debt and preferred equity investments, net of discounts and deferred origination fees of $23,216 and $25,507 in 2018 and 2017, respectively	2,168,515	2,114,041
Investments in unconsolidated joint ventures	3,059,985	2,362,989
Deferred costs, net	198,941	226,201
Other assets	290,729	310,688
Total assets (1)	$13,713,928	$13,982,904
Liabilities		
Mortgages and other loans payable, net	$2,517,097	$2,837,282
Revolving credit facility, net	351,272	30,336
Unsecured term loan, net	1,492,320	1,491,575
Unsecured notes, net	1,396,722	1,395,939
Accrued interest payable	26,104	38,142
Other liabilities	108,151	188,005
Accounts payable and accrued expenses	140,739	137,142
Deferred revenue	95,756	208,119
Capital lease obligations	43,221	42,843
Deferred land leases payable	3,567	3,239
Dividend and distributions payable	79,518	85,138
Security deposits	63,872	67,927
Liabilities related to assets held for sale	265,538	4,074

Junior subordinated deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
Total liabilities [(1)]	6,683,877	6,629,761

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

	June 30, 2018	December 31, 2017
	(unaudited)	
Commitments and contingencies	—	—
Noncontrolling interests in Operating Partnership	486,610	461,954
Preferred units	301,385	301,735
Equity		
SL Green stockholders' equity:		
Series I Preferred Stock, $0.01 par value, $25.00 liquidation preference, 9,200 issued and outstanding at both June 30, 2018 and December 31, 2017	221,932	221,932
Common stock, $0.01 par value, 160,000 shares authorized and 86,780 and 93,858 issued and outstanding at June 30, 2018 and December 31, 2017, respectively (including 1,055 shares held in treasury at June 30, 2018 and December 31, 2017)	868	939
Additional paid-in-capital	4,601,608	4,968,338
Treasury stock at cost	(124,049)	(124,049)
Accumulated other comprehensive income	32,622	18,604
Retained earnings	1,457,835	1,139,329
Total SL Green stockholders' equity	6,190,816	6,225,093
Noncontrolling interests in other partnerships	51,240	364,361
Total equity	6,242,056	6,589,454
Total liabilities and equity	$13,713,928	$13,982,904

(1) The Company's consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs"). See Note 2. The consolidated balance sheets include the following amounts related to our consolidated VIEs, excluding the Operating Partnership: $175.0 million and $398.0 million of land, $0.3 billion and $1.4 billion of building and improvements, $2.0 million and $2.0 million of building and leasehold improvements, $47.4 million and $47.4 million of properties under capital lease, $32.2 million and $330.9 million of accumulated depreciation, $860.2 million and $221.0 million of other assets included in other line items, $136.2 million and $628.9 million of real estate debt, net, $0.4 million and $2.5 million of accrued interest payable, $43.2 million and $42.8 million of capital lease obligations, and $155.6 million and $56.8 million of other liabilities included in other line items as of June 30, 2018 and December 31, 2017, respectively.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues				
Rental revenue, net	$211,369	$279,407	$426,738	$560,736
Escalation and reimbursement	27,052	42,620	53,451	86,812
Investment income	49,273	60,622	94,563	100,921
Other income	13,422	15,501	28,059	27,062
Total revenues	301,116	398,150	602,811	775,531
Expenses				
Operating expenses, including related party expenses of $4,665 and $8,499 in 2018 and $5,262 and $9,436 in 2017, respectively.	56,237	70,852	116,019	145,358
Real estate taxes	45,322	60,945	90,983	122,013
Ground rent	8,846	8,308	17,154	16,616
Interest expense, net of interest income	53,611	64,856	101,527	130,478
Amortization of deferred financing costs	3,546	3,432	7,083	8,193
Depreciation and amortization	67,914	133,054	137,302	227,188
Transaction related costs	348	46	510	179
Marketing, general and administrative	22,479	24,256	46,007	48,399
Total expenses	258,303	365,749	516,585	698,424
Net income before equity in net income from unconsolidated joint ventures, equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price and other fair value adjustments, (loss) gain on sale of real estate net, depreciable real estate reserves, and gain on sale of marketable securities	42,813	32,401	86,226	77,107
Equity in net income from unconsolidated joint ventures	4,702	3,412	8,738	10,026
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	72,025	13,089	65,585	15,136
Purchase price and other fair value adjustments	11,149	—	60,442	—
(Loss) gain on sale of real estate, net	(14,790)	(3,823)	8,731	(3,256)
Depreciable real estate reserves	—	(29,064)	—	(85,336)
Gain on sale of investment in marketable securities	—	—	—	3,262
Net income	115,899	16,015	229,722	16,939
Net (income) loss attributable to noncontrolling interests:				
Noncontrolling interests in the Operating Partnership	(5,586)	(419)	(10,858)	(895)
Noncontrolling interests in other partnerships	(173)	(786)	(371)	16,705
Preferred units distributions	(2,847)	(2,851)	(5,696)	(5,701)
Net income attributable to SL Green	107,293	11,959	212,797	27,048
Perpetual preferred stock dividends	(3,737)	(3,737)	(7,475)	(7,475)
Net income attributable to SL Green common stockholders	$103,556	$8,222	$205,322	$19,573

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Amounts attributable to SL Green common stockholders:				
Income before depreciable real estate reserves and gains on sale and fair value adjustments	$38,674	$27,156	$77,333	$89,818
Purchase price and other fair value adjustments	10,578	—	57,406	—
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	68,336	12,517	62,291	14,474
(Loss) gain on sale of real estate, net	(14,032)	(3,656)	8,292	(3,114)
Depreciable real estate reserves	—	(27,795)	—	(81,605)
Net income attributable to SL Green common stockholders	$103,556	$8,222	$205,322	$19,573
Basic earnings per share:				
Income before depreciable real estate reserves and gains on sale and fair value adjustments	$0.44	$0.27	$0.87	$0.90
Purchase price and other fair value adjustments	0.12	—	0.65	—
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	0.79	0.13	0.70	0.14
(Loss) gain on sale of real estate, net	(0.16)	(0.04)	0.09	(0.03)
Depreciable real estate reserves	—	(0.28)	—	(0.81)
Net income attributable to SL Green common stockholders	$1.19	$0.08	$2.31	$0.20
Diluted earnings per share:				
Income before depreciable real estate reserves and gains on sale and fair value adjustments	$0.44	$0.27	$0.87	$0.89
Purchase price and other fair value adjustments	0.12	—	0.65	—
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	0.79	0.12	0.70	0.14
(Loss) gain on sale of real estate, net	(0.16)	(0.04)	0.09	(0.03)
Depreciable real estate reserves	—	(0.27)	—	(0.81)
Net income attributable to SL Green common stockholders	$1.19	$0.08	$2.31	$0.19
Dividends per share	$0.8125	$0.775	$1.625	$1.55
Basic weighted average common shares outstanding	87,176	99,900	88,772	100,268
Diluted weighted average common shares and common share equivalents outstanding	92,083	104,732	93,667	105,140

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	$115,899	$16,015	$229,722	$16,939
Other comprehensive income (loss):				
Change in net unrealized gain (loss) on derivative instruments, including SL Green's share of joint venture net unrealized gain (loss) on derivative instruments	3,977	(2,520)	14,890	(3,595)
Change in unrealized gain (loss) on marketable securities	318	263	(8)	(4,487)
Other comprehensive income (loss)	4,295	(2,257)	14,882	(8,082)
Comprehensive income	120,194	13,758	244,604	8,857
Net (income) loss attributable to noncontrolling interests and preferred units distributions	(8,606)	(4,056)	(16,925)	10,109
Other comprehensive (loss) income attributable to noncontrolling interests	(245)	100	(864)	299
Comprehensive income attributable to SL Green	$111,343	$9,802	$226,815	$19,265

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

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

	SL Green Realty Corp. Stockholders								
		Common Stock							
	Series I Preferred Stock	Shares	Par Value	Additional Paid-In-Capital	Treasury Stock	Accumulated Other Comprehensive Income	Retained Earnings	Noncontrolling Interests	Total
Balance at December 31, 2017	$221,932	92,803	$939	$4,968,338	$(124,049)	$18,604	$1,139,329	$364,361	$6,589,454
Cumulative adjustment upon adoption of ASC 610-20							570,524		570,524
Balance at January 1, 2018	$221,932	92,803	$939	$4,968,338	$(124,049)	$18,604	$1,709,853	$364,361	$7,159,978
Net income							212,797	371	213,168
Other comprehensive income						14,018			14,018
Preferred dividends							(7,475)		(7,475)
DRSPP proceeds		1		64					64
Conversion of units in the Operating Partnership for common stock		15		1,560					1,560
Reallocation of noncontrolling interest in the Operating Partnership							(4,493)		(4,493)
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		(20)		8,090					8,090
Repurchases of common stock		(7,133)	(72)	(382,080)			(310,939)		(693,091)
		59	1	5,636					5,637

Proceeds from stock options exercised									
Contributions to consolidated joint venture interests								1,828	1,828
Deconsolidation of partially owned entity								(314,596)	(314,596)
Cash distributions to noncontrolling interests								(724)	(724)
Cash distributions declared ($1.625 per common share, none of which represented a return of capital for federal income tax purposes)							(141,908)		(141,908)
Balance at June 30, 2018	$221,932	85,725	$868	$4,601,608	$(124,049)	$32,622	$1,457,835	$51,240	$6,242,056

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

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

	Six Months Ended June 30,	
	2018	2017
Operating Activities		
Net income	$229,722	$16,939
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	144,385	235,381
Equity in net income from unconsolidated joint ventures	(8,738)	(10,026)
Distributions of cumulative earnings from unconsolidated joint ventures	9,889	12,388
Equity in net gain on sale of interest in unconsolidated joint venture interest/real estate	(65,585)	(15,136)
Purchase price and other fair value adjustments	(60,442)	—
Depreciable real estate reserves	—	85,336
(Gain) loss on sale of real estate, net	(8,731)	3,256
Gain on sale of investments in marketable securities	—	(3,262)
Deferred rents receivable	(4,369)	(23,237)
Other non-cash adjustments	9,404	20,352
Changes in operating assets and liabilities:		
Tenant and other receivables	(397)	1,447
Related party receivables	(1,116)	(7,869)
Deferred lease costs	(17,469)	(23,560)
Other assets	(4,329)	680
Accounts payable, accrued expenses, other liabilities and security deposits	22,867	(11,310)
Deferred revenue and land leases payable	1,121	29,471
Net cash provided by operating activities	246,212	310,850
Investing Activities		
Acquisitions of real estate property	(9,733)	(19)
Additions to land, buildings and improvements	(96,577)	(165,262)
Acquisition deposits and deferred purchase price	(1,520)	—
Investments in unconsolidated joint ventures	(254,305)	(93,182)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	178,892	93,688
Net proceeds from disposition of real estate/joint venture interest	760,335	61,248
Proceeds from sale or redemption of marketable securities	—	54,363
Other investments	(22,790)	3,014
Origination of debt and preferred equity investments	(603,575)	(854,577)
Repayments or redemption of debt and preferred equity investments	317,337	663,140
Net cash provided by (used in) investing activities	268,064	(237,587)

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

	Six Months Ended June 30, 2018	2017
Financing Activities		
Proceeds from mortgages and other loans payable	$210,575	$779,642
Repayments of mortgages and other loans payable	(22,864)	(693,243)
Proceeds from revolving credit facility and senior unsecured notes	1,475,000	1,072,800
Repayments of revolving credit facility and senior unsecured notes	(1,155,000)	(875,697)
Proceeds from stock options exercised and DRIP issuance	5,701	11,706
Repurchase of common stock	(724,696)	(211,599)
Redemption of preferred stock	(350)	(125)
Distributions to noncontrolling interests in other partnerships	(724)	(609)
Contributions from noncontrolling interests in other partnerships	1,828	33,009
Distributions to noncontrolling interests in the Operating Partnership	(7,712)	(7,112)
Dividends paid on common and preferred stock	(160,699)	(168,678)
Other obligations related to loan participations	(3)	10,000
Tax withholdings related to restricted share awards	(3,842)	(3,879)
Deferred loan costs and capitalized lease obligation	(1,536)	(8,521)
Net cash used in financing activities	(384,322)	(62,306)
Net increase in cash, cash equivalents, and restricted cash	129,954	10,957
Cash, cash equivalents, and restricted cash at beginning of year	250,026	369,967
Cash, cash equivalents, and restricted cash at end of period	$379,980	$380,924
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Conversion of units in the Operating Partnership for common stock	1,560	13,242
Tenant improvements and capital expenditures payable	16,534	7,210
Fair value adjustment to noncontrolling interest in Operating Partnership	4,493	12,712
Deconsolidation of subsidiaries	298,403	328,644
Transfer of assets related to assets held for sale	593,995	173,918
Transfer of liabilities related to assets held for sale	265,538	149
Removal of fully depreciated commercial real estate properties	110,594	5,754
Share repurchase payable	31,605	41,598
Bond repurchase payable	—	65,416

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	Six Months Ended June 30, 2018	2017
Cash and cash equivalents	$287,240	$270,965
Restricted cash	92,740	109,959
Total cash, cash equivalents, and restricted cash	$379,980	$380,924

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

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SL Green Operating Partnership, L.P.
Consolidated Balance Sheets
(in thousands)

	June 30, 2018	December 31, 2017
	(unaudited)	
Assets		
Commercial real estate properties, at cost:		
Land and land interests	$1,893,047	$2,357,051
Building and improvements	5,225,431	6,351,012
Building leasehold and improvements	1,423,994	1,450,614
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Unsecured notes, net	1,396,722	1,395,939
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Other liabilities	108,151	188,005
Accounts payable and accrued expenses	140,739	137,142
Deferred revenue	95,756	208,119
Capital lease obligations	43,221	42,843
Deferred land leases payable	3,567	3,239
Dividend and distributions payable	79,518	85,138
Security deposits	63,872	67,927
Liabilities related to assets held for sale	265,538	4,074
Junior subordinated deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
Total liabilities (1)	6,683,877	6,629,761
Commitments and contingencies	—	—

Limited partner interests in SLGOP (4,700 and 4,453 limited partner common units outstanding at June 30, 2018 and December 31, 2017, respectively)	486,610	461,954
Preferred units	301,385	301,735

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SL Green Operating Partnership, L.P.
Consolidated Balance Sheets
(in thousands)

	June 30, 2018 (unaudited)	December 31, 2017
Capital		
SLGOP partners' capital:		
Series I Preferred Units, $25.00 liquidation preference, 9,200 issued and outstanding at both June 30, 2018 and December 31, 2017	221,932	221,932
SL Green partners' capital (904 and 973 general partner common units and 84,821 and 91,831 limited partner common units outstanding at June 30, 2018 and December 31, 2017, respectively)	5,936,262	5,984,557
Accumulated other comprehensive income	32,622	18,604
Total SLGOP partners' capital	6,190,816	6,225,093
Noncontrolling interests in other partnerships	51,240	364,361
Total capital	6,242,056	6,589,454
Total liabilities and capital	$13,713,928	$13,982,904

(1) The Operating Partnership's consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs"). See Note 2. The consolidated balance sheets include the following amounts related to our consolidated VIEs, excluding the Operating Partnership: $175.0 million and $398.0 million of land, $0.3 billion and $1.4 billion of building and improvements, $2.0 million and $2.0 million of building and leasehold improvements, $47.4 million and $47.4 million of properties under capital lease, $32.2 million and $330.9 million of accumulated depreciation, $860.2 million and $221.0 million of other assets included in other line items, $136.2 million and $628.9 million of real estate debt, net, $0.4 million and $2.5 million of accrued interest payable, $43.2 million and $42.8 million of capital lease obligations, and $155.6 million and $56.8 million of other liabilities included in other line items as of June 30, 2018 and December 31, 2017, respectively.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues				
Rental revenue, net	$211,369	$279,407	$426,738	$560,736
Escalation and reimbursement	27,052	42,620	53,451	86,812
Investment income	49,273	60,622	94,563	100,921
Other income	13,422	15,501	28,059	27,062
Total revenues	301,116	398,150	602,811	775,531
Expenses				
Operating expenses, including related party expenses of $4,665 and $8,499 in 2018 and $5,262 and $9,436 in 2017, respectively.	56,237	70,852	116,019	145,358
Real estate taxes	45,322	60,945	90,983	122,013
Ground rent	8,846	8,308	17,154	16,616
Interest expense, net of interest income	53,611	64,856	101,527	130,478
Amortization of deferred financing costs	3,546	3,432	7,083	8,193
Depreciation and amortization	67,914	133,054	137,302	227,188
Transaction related costs	348	46	510	179
Marketing, general and administrative	22,479	24,256	46,007	48,399
Total expenses	258,303	365,749	516,585	698,424
Net income before equity in net income from unconsolidated joint ventures, equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price and other fair value adjustments, (loss) gain on sale of real estate net, depreciable real estate reserves, and gain on sale of marketable securities	42,813	32,401	86,226	77,107
Equity in net income from unconsolidated joint ventures	4,702	3,412	8,738	10,026
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	72,025	13,089	65,585	15,136
Purchase price and other fair value adjustments	11,149	—	60,442	—
(Loss) gain on sale of real estate, net	(14,790)	(3,823)	8,731	(3,256)
Depreciable real estate reserves	—	(29,064)	—	(85,336)
Gain on sale of investment in marketable securities	—	—	—	3,262
Net income	115,899	16,015	229,722	16,939
Net (income) loss attributable to noncontrolling interests:				
Noncontrolling interests in other partnerships	(173)	(786)	(371)	16,705
Preferred units distributions	(2,847)	(2,851)	(5,696)	(5,701)
Net income attributable to SLGOP	112,879	12,378	223,655	27,943
Perpetual preferred unit distributions	(3,737)	(3,737)	(7,475)	(7,475)
Net income attributable to SLGOP common unitholders	$109,142	$8,641	$216,180	$20,468

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Amounts attributable to SLGOP common unitholders:				
Income before depreciable real estate reserves and gains on sale and fair value adjustments	$40,758	$28,439	$81,422	$93,924
Purchase price and other fair value adjustments	11,149	—	60,442	—
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	72,025	13,089	65,585	15,136
(Loss) gain on sale of real estate, net	(14,790)	(3,823)	8,731	(3,256)
Depreciable real estate reserves	—	(29,064)	—	(85,336)
Net income attributable to SLGOP common unitholders	$109,142	$8,641	$216,180	$20,468
Basic earnings per unit:				
Income before depreciable real estate reserves and gains on sale and fair value adjustments	$0.44	$0.27	$0.87	$0.90
Purchase price and other fair value adjustments	0.12	—	0.65	—
Equity in net (loss) gain on sale of interest in unconsolidated joint venture/real estate	0.79	0.13	0.70	0.14
(Loss) gain on sale of real estate, net	(0.16)	(0.04)	0.09	(0.03)
Depreciable real estate reserves	—	(0.28)	—	(0.81)
Net income attributable to SLGOP common unitholders	$1.19	$0.08	$2.31	$0.20
Diluted earnings per unit:				
Income before depreciable real estate reserves and gains on sale and fair value adjustments	$0.44	$0.27	$0.87	$0.89
Purchase price and other fair value adjustments	0.12	—	0.65	—
Equity in net (loss) gain on sale of interest in unconsolidated joint venture/real estate	0.79	0.12	0.70	0.14
(Loss) gain on sale of real estate, net	(0.16)	(0.04)	0.09	(0.03)
Depreciable real estate reserves	—	(0.27)	—	(0.81)
Net income attributable to SLGOP common unitholders	$1.19	$0.08	$2.31	$0.19
Dividends per unit	$0.8125	$0.775	$1.625	$1.55
Basic weighted average common units outstanding	91,882	104,462	93,467	104,852
Diluted weighted average common units and common unit equivalents outstanding	92,083	104,732	93,667	105,140

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	$115,899	$16,015	$229,722	$16,939
Other comprehensive income (loss):				
Change in net unrealized gain on derivative instruments, including SLGOP's share of joint venture net unrealized gain on derivative instruments	3,977	(2,520)	14,890	(3,595)
Change in unrealized gain (loss) on marketable securities	318	263	(8)	(4,487)
Other comprehensive income (loss)	4,295	(2,257)	14,882	(8,082)
Comprehensive income	120,194	13,758	244,604	8,857
Net (loss) income attributable to noncontrolling interests	(173)	(786)	(371)	16,705
Other comprehensive (loss) income attributable to noncontrolling interests	(245)	100	(864)	299
Comprehensive income attributable to SLGOP	$119,776	$13,072	$243,369	$25,861

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

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

	SL Green Operating Partnership Unitholders					
		Partners' Interest				
	Series I Preferred Units	Common Units	Common Unitholders	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total
Balance at December 31, 2017	$221,932	92,803	$5,984,557	$ 18,604	$ 364,361	$6,589,454
Cumulative adjustment upon adoption of ASC 610-20			570,524			570,524
Balance at January 1, 2018	$221,932	92,803	$6,555,081	$ 18,604	$ 364,361	$7,159,978
Net income			212,797		371	213,168
Other comprehensive income				14,018		14,018
Preferred distributions			(7,475)			(7,475)
DRSPP proceeds		1	64			64
Conversion of common units		15	1,560			1,560
Reallocation of noncontrolling interests in the operating partnership			(4,493)			(4,493)
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		(20)	8,090			8,090
Repurchases of common stock		(7,133)	(693,091)			(693,091)
Contribution to consolidated joint venture interests					1,828	1,828
Deconsolidation of partially owned entity					(314,596)	(314,596)
Contributions - proceeds from stock options exercised		59	5,637			5,637
Cash distributions to noncontrolling interests					(724)	(724)
Cash distributions declared ($1.625 per common unit, none of which represented a return of capital for federal income tax purposes)			(141,908)			(141,908)
Balance at June 30, 2018	$221,932	85,725	$5,936,262	$ 32,622	$ 51,240	$6,242,056

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

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

	Six Months Ended June 30,	
	2018	2017
Operating Activities		
Net income	$229,722	$16,939
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	144,385	235,381
Equity in net income from unconsolidated joint ventures	(8,738)	(10,026)
Distributions of cumulative earnings from unconsolidated joint ventures	9,889	12,388
Equity in net gain on sale of interest in unconsolidated joint venture interest/real estate	(65,585)	(15,136)
Purchase price and other fair value adjustments	(60,442)	—
Depreciable real estate reserves	—	85,336
(Gain) loss on sale of real estate, net	(8,731)	3,256
Gain on sale of investments in marketable securities	—	(3,262)
Deferred rents receivable	(4,369)	(23,237)
Other non-cash adjustments	9,404	20,352
Changes in operating assets and liabilities:		
Tenant and other receivables	(397)	1,447
Related party receivables	(1,116)	(7,869)
Deferred lease costs	(17,469)	(23,560)
Other assets	(4,329)	680
Accounts payable, accrued expenses, other liabilities and security deposits	22,867	(11,310)
Deferred revenue and land leases payable	1,121	29,471
Net cash provided by operating activities	246,212	310,850
Investing Activities		
Acquisitions of real estate property	(9,733)	(19)
Additions to land, buildings and improvements	(96,577)	(165,262)
Acquisition deposits and deferred purchase price	(1,520)	—
Investments in unconsolidated joint ventures	(254,305)	(93,182)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	178,892	93,688
Net proceeds from disposition of real estate/joint venture interest	760,335	61,248
Proceeds from sale or redemption of marketable securities	—	54,363
Other investments	(22,790)	3,014
Origination of debt and preferred equity investments	(603,575)	(854,577)
Repayments or redemption of debt and preferred equity investments	317,337	663,140
Net cash provided by (used in) investing activities	268,064	(237,587)

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

	Six Months Ended June 30, 2018	2017
Financing Activities		
Proceeds from mortgages and other loans payable	$210,575	$779,642
Repayments of mortgages and other loans payable	(22,864)	(693,243)
Proceeds from revolving credit facility and senior unsecured notes	1,475,000	1,072,800
Repayments of revolving credit facility and senior unsecured notes	(1,155,000)	(875,697)
Proceeds from stock options exercised and DRIP issuance	5,701	11,706
Repurchase of common stock	(724,696)	(211,599)
Redemption of preferred stock	(350)	(125)
Distributions to noncontrolling interests in other partnerships	(724)	(609)
Contributions from noncontrolling interests in other partnerships	1,828	33,009
Distributions paid on common and preferred units	(168,411)	(175,790)
Other obligations related to loan participations	(3)	10,000
Tax withholdings related to restricted share awards	(3,842)	(3,879)
Deferred loan costs and capitalized lease obligation	(1,536)	(8,521)
Net cash used in financing activities	(384,322)	(62,306)
Net increase in cash, cash equivalents, and restricted cash	129,954	10,957
Cash, cash equivalents, and restricted cash at beginning of year	250,026	369,967
Cash, cash equivalents, and restricted cash at end of period	$379,980	$380,924
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Conversion of units in the Operating Partnership for common stock	1,560	13,242
Tenant improvements and capital expenditures payable	16,534	7,210
Fair value adjustment to noncontrolling interest in Operating Partnership	4,493	12,712
Deconsolidation of subsidiaries	298,403	328,644
Transfer of assets related to assets held for sale	593,995	173,918
Transfer of liabilities related to assets held for sale	265,538	149
Removal of fully depreciated commercial real estate properties	110,594	5,754
Share repurchase payable	31,605	41,598
Bond repurchase payable	—	65,416

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	Three Months Ended March 31, 2018	2017
Cash and cash equivalents	$287,240	$270,965
Restricted cash	92,740	109,959
Total cash, cash equivalents, and restricted cash	$379,980	$380,924

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

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements
June 30, 2018
(unaudited)

1. Organization and Basis of Presentation

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

Substantially all of our assets are held by, and all of our operations are conducted through, the Operating Partnership. The Company is the sole managing general partner of the Operating Partnership. As of June 30, 2018, noncontrolling investors held, in the aggregate, a 5.20% limited partnership interest in the Operating Partnership. We refer to these interests as the noncontrolling interests in the Operating Partnership. The Operating Partnership is considered a variable interest entity, or VIE, in which we are the primary beneficiary. See Note 11, "Noncontrolling Interests on the Company's Consolidated Financial Statements."

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

As of June 30, 2018, we owned the following interests in properties in the New York metropolitan area, primarily in midtown Manhattan. Our investments located outside of Manhattan are referred to as the Suburban properties:

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
June 30, 2018
(unaudited)

Location	Property Type	Consolidated Number of Properties	Consolidated Approximate Square Feet (unaudited)	Unconsolidated Number of Properties	Unconsolidated Approximate Square Feet (unaudited)	Total Number of Properties	Total Approximate Square Feet (unaudited)	Weighted Average Occupancy(1) (unaudited)	
Commercial:									
Manhattan	Office	21 (2)	12,756,091	10	11,491,164	31	24,247,255	94.1	%
	Retail	4 (3)	302,583	9	347,970	13	650,553	94.2	%
	Development/Redevelopment	8	318,985	3	416,214	11	735,199	43.9	%
	Fee Interest	—	—	1	—	1	—	—	%
		33	13,377,659	23	12,255,348	56	25,633,007	92.6	%
Suburban	Office	19 (4)	2,835,200	—	—	19	2,835,200	87.0	%
	Retail	1	52,000	—	—	1	52,000	100.0	%
	Development/Redevelopment	1	1,000	—	—	1	1,000	—	%
		21	2,888,200	—	—	21	2,888,200	87.2	%
Total commercial properties		54	16,265,859	23	12,255,348	77	28,521,207	92.1	%
Residential:									
Manhattan	Residential	3 (3)	472,105	10	2,156,751	13	2,628,856	90.0	%
Suburban	Residential	—	—	—	—	—	—	—	%
Total residential properties		3	472,105	10	2,156,751	13	2,628,856	90.0	%
Total portfolio		57	16,737,964	33	14,412,099	90	31,150,063	91.9	%

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

(2) Includes 2 Herald Square, which is under contract for sale of a joint venture interest and has been classified as held for sale as of June 30, 2018.

(3) As of June 30, 2018, we owned a building at 315 West 33rd Street, also known as The Olivia, that was comprised of approximately 270,132 square feet (unaudited) of retail space and approximately 222,855 square feet (unaudited) of residential space. For the purpose of this report, we have included this building in the number of retail properties we own. However, we have included only the retail square footage in the retail approximate square footage, and have listed the balance of the square footage as residential square footage.

(4) Includes the properties at 1-6 International Drive in Rye Brook, New York which are classified as held for sale at June 30, 2018.

As of June 30, 2018, we also managed an approximately 336,000 square foot (unaudited) office building owned by a third party and held debt and preferred equity investments with a book value of $2.4 billion, including $0.2 billion of debt and preferred equity investments and other financing receivables that are included in balance sheet line items other than the Debt and Preferred Equity Investments line item.

Partnership Agreement

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

Basis of Quarterly Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for the fair presentation of the financial position of the Company and the Operating Partnership at June 30, 2018 and the results of operations for the periods presented have been included. The operating results for the period presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
June 30, 2018
(unaudited)

These financial statements should be read in conjunction with the financial statements and accompanying notes included in the Annual Report on Form 10-K for the year ended December 31, 2017 of the Company and the Operating Partnership.

The consolidated balance sheet at December 31, 2017 has been derived from the audited financial statements as of that date but does not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

Subsequent Events

In August 2018, the Operating Partnership issued $350.0 million of senior unsecured notes, with the Company and ROP as guarantors. The notes bear interest at a floating rate, reset quarterly, equal to three-month LIBOR plus 98 basis points. The notes will mature in August 2021 and can be redeemed at par beginning in August 2019.

2. Significant Accounting Policies

Principles of Consolidation

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

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

Investment in Commercial Real Estate Properties

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

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

We recognized $1.8 million and $4.2 million of rental revenue for the three and six months ended June 30, 2018 and $6.4 million and $11.2 million for the three and six months ended June 30, 2017, respectively, for the amortization of aggregate below-market leases in excess of above-market leases and a reduction in lease origination costs, resulting from the allocation of the purchase price of the applicable properties. For the three and six months ended June 30, 2018 we recognized as a reduction to interest expense the amortization of above-market rate mortgages of $0.0 million and $0.0 million, respectively. For the three and six months ended June 30, 2017 we recognized as a reduction to interest expense the amortization of above-market rate mortgages of $0.7 million and $1.3 million, respectively.

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SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
June 30, 2018
(unaudited)

The following summarizes our identified intangible assets (acquired above-market leases and in-place leases) and intangible liabilities (acquired below-market leases) as of June 30, 2018 and December 31, 2017 (in thousands):

	June 30, 2018	December 31, 2017
Identified intangible assets (included in other assets):		
Gross amount	$263,138	$ 325,880
Accumulated amortization	(239,344)	(277,038)
Net[(1)]	$23,794	$ 48,842
Identified intangible liabilities (included in deferred revenue):		
Gross amount	$274,120	$ 540,283
Accumulated amortization	(249,905)	(402,583)
Net[(1)]	$24,215	$ 137,700

(1) As of June 30, 2018 and December 31, 2017, $0.1 million and $13.9 million, respectively and $0.1 million and $4.1 million, respectively, of net intangible assets and net intangible liabilities, were reclassified to assets held for sale and liabilities related to assets held for sale.

Fair Value Measurements

See Note 16, "Fair Value Measurements."

Investment in Marketable Securities

At acquisition, we designate a debt security as held-to-maturity, available-for-sale, or trading. As of June 30, 2018, we did not have any debt securities designated as held-to-maturity or trading. We account for our available-for-sale debt securities at fair value pursuant to Accounting Standards Codification, or ASC, 820-10, with the net unrealized gains or losses reported as a component of accumulated other comprehensive income or loss. Any unrealized losses that are determined to be other-than-temporary are recognized in earnings up to their credit component.

The Company adopted ASU 2016-01 effective January 1, 2018 which required entities to measure investments in equity securities at fair value and recognize any changes in fair value in net income. Upon adoption we did not hold investments in equity securities and therefore did not record a cumulative-effect adjustment. We did not hold investments in equity securities as of June 30, 2018.

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

At June 30, 2018 and December 31, 2017, we held the following marketable securities (in thousands):

	June 30, 2018	December 31, 2017
Commercial mortgage-backed securities	$28,570	$ 28,579
Total marketable securities available-for-sale	$28,570	$ 28,579

The cost basis of the commercial mortgage-backed securities was $27.5 million at both June 30, 2018 and December 31, 2017. These securities mature at various times through 2035. We held no equity marketable securities as of June 30, 2018 and December 31, 2017.

During the three and six months ended June 30, 2018, we did not dispose of any marketable securities. During the three months ended June 30, 2017, we did not dispose of any marketable securities. During the six months ended June 30, 2017, we disposed of marketable securities for aggregate net proceeds of $54.4 million and realized a gain of $3.3 million, which is included in gain on sale of investment in marketable securities on the consolidated statements of operations.

Investments in Unconsolidated Joint Ventures

We assess our investments in unconsolidated joint ventures for recoverability and if it is determined that a loss in value of the investment is other than temporary, we write down the investment to its fair value. We evaluate our equity investments for impairment based on the joint ventures' projected discounted cash flows. We do not believe that the values of any of our equity investments were impaired at June 30, 2018.

Reserve for Possible Credit Losses

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

Where impairment is indicated on an investment that is held to maturity, a valuation allowance is measured based upon the excess of the recorded investment amount over the fair value of the collateral. Any deficiency between the carrying amount of an asset and the calculated value of the collateral is charged to expense. We continue to assess or adjust our estimates based on circumstances of a loan and the underlying collateral. If additional information reflects increased recovery of our investment, we will adjust our reserves accordingly. There were no loan reserves recorded during the three and six months ended June 30, 2018 and 2017.

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

Income Taxes

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

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

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

During the three and six months ended June 30, 2018, we recorded Federal, state and local tax provisions of $1.1 million and $1.6 million, respectively.

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

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

Use of Estimates

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

Concentrations of Credit Risk

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

We perform ongoing credit evaluations of our tenants and require most tenants to provide security deposits or letters of credit. Though these security deposits and letters of credit are insufficient to meet the total value of a tenant's lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost revenue and the costs associated with re-tenanting a space. The properties in our real estate portfolio are located in the New York metropolitan area. The tenants located in our buildings operate in various industries. Other than one tenant, Credit Suisse Securities (USA), Inc., who accounts for 8.2% of our share of annualized cash rent, no other tenant in our portfolio accounted for more than 5.0% of our share of annualized cash rent, including our share of joint venture annualized rent, at June 30, 2018. For the three months ended June 30, 2018, 7.3%, 7.2%, 6.4%, 5.8% and 5.7% of our annualized cash rent was attributable to 11 Madison Avenue, 1185 Avenue of the Americas, 420 Lexington Avenue, 1515 Broadway, and One Madison Avenue respectively. Annualized cash rent for all other consolidated properties was below 5.0%.

Reclassification

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

Accounting Standards Updates

In June 2018, the FASB issued Accounting Standard Update (ASU) No. 2018-07, Compensation - Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting. This amendment provides additional guidance related to share-based payment transactions for acquiring goods or services from nonemployees. The guidance will be effective for the Company for fiscal years beginning after December 15, 2018, including the interim periods within that fiscal year. The Company has not yet adopted this new guidance and does not expect it to have a material impact on the Company’s consolidated financial statements when the new standard is implemented.

In February 2018, the FASB issued ASU No. 2018-03, Technical Corrections and Improvements to Financial Instruments- Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities. These amendments provide additional guidance related to equity securities without a readily determinable fair value, forward contracts and options purchased on those equity securities and fair value option liabilities. The guidance will be effective for the Company in the interim period beginning after June 15, 2018. The Company has not yet adopted this new guidance and does not expect it to have a material impact on the Company’s consolidated financial statements when the new standard is implemented.

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

In May 2017, the FASB issued ASU No. 2017-09, Compensation - Stock Compensation (Topic 718), Scope of Modification Accounting. The guidance clarifies the changes to the terms or conditions of a share-based payment award that require an entity to apply modification accounting in Topic 718. The Company adopted the guidance on January 1, 2018 and it had no impact on the Company's consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The guidance requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash. As a result, entities will no longer present transfers between these items on the statement of cash flows. The Company adopted the guidance on January 1, 2018 and has included the changes in restricted cash when reconciling the beginning-of-period and end-of-period total amounts on the statement of cash flows.

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

In February 2016, the FASB issued ASU No. 2016-02, Leases, and in July 2018, the FASB issued ASU No. 2018-10, Codification Improvements to Topic 842, Leases and ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. This guidance requires lessees to recognize lease assets and lease liabilities for those leases classified as operating leases under the previous standard. Depending on the lease classification, lessees will recognize expense based on the effective interest method for finance leases or on a straight-line basis for operating leases. The accounting applied by a lessor, inclusive of the effect of a practical expedient offered in ASU No. 2018-11 that allows lessors to not separate non-lease components from the related lease components under certain conditions, which the Company expects most of its leases to qualify for and to adopt, is largely unchanged from that applied under the previous standard. However, the Company will apply this guidance to the ground leases under which the Company is lessee. The Company is required to record a liability for the obligation to make payments under the lease and an asset for the right to use the underlying asset during the lease term and will also apply the new expense recognition requirements given the lease classification. The Company is currently quantifying these impacts. This guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted. The Company expects to adopt this guidance January 1, 2019 and will apply the modified retrospective approach.

In January 2016, the FASB issued ASU 2016-01 (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities. The guidance requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value through earnings, to record changes in instrument-specific credit risk for financial liabilities measured under the fair value option in other comprehensive income, use the exit price notion when measuring an instrument's fair value for disclosure and to separately present financial assets and liabilities by measurement category and form of instrument on the balance sheet or in the notes to the financial statements. The Company adopted the guidance effective January 1, 2018, and it had no impact on the Company's consolidated financial statements.

In May 2014, the FASB issued a new comprehensive revenue recognition guidance which requires us to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods and services (ASU 2014-09). The FASB also issued implementation guidance in March 2016, April 2016 and May 2016 - ASU's 2016-08, 2016-10 and 2016-12, respectively. The Company adopted this guidance on January 1, 2018. Since the Company's revenue is related to leasing activities, the adoption of this guidance did not have a material impact on the consolidated financial statements. The new guidance is applicable to service contracts with joint ventures for which the Company earns property management fees, leasing commissions and development and construction fees. The adoption of this new guidance did not change the accounting for these fees as the pattern of recognition of revenue does not change with the new guidance. We will continue to recognize revenue over time on these contracts because the customer simultaneously receives and consumes the benefits provided by our performance.

In February 2017, the FASB issued ASU No. 2017-05 to clarify the scope of asset derecognition guidance in Subtopic 610-20, which also provided guidance on accounting for partial sales of nonfinancial assets. Subtopic 610-20 was issued in May 2014 as part of ASU 2014-09. The Company adopted this guidance on January 1, 2018, and applied the modified retrospective approach. The Company elected to adopt the practical expedient under ASC 606, Revenue from Contracts with Customers, which allows an entity to apply the guidance only to contracts with non-customers that are open based on ASU 360-20, Real Estate Sales, (i.e. failed sales) as of the adoption date. The Company had one open contract in 2017 with a non-customer that was evaluated under ASC 610-20. The Company entered into an agreement to sell a portion of their interest in an entity that held a controlling interest in the property at 1515 Broadway. Upon execution of the agreement in 2017, the transaction was evaluated under ASC 360-20, Real Estate Sales, and did not meet the criteria for sale accounting. Upon adoption of ASC 606, this contract met the criteria for sale accounting under ASC 610-20. Through the sale, the Company no longer retains a controlling interest, as defined in ASC 810, Consolidation, and the impact of this adjustment is a gain of $0.6 billion from the sale of the partial interest and related step-up in basis to fair value of the non-controlling interest retained. This was recorded in the first quarter of 2018 as an adjustment to beginning retained earnings.

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3. Property Acquisitions
The following table summarizes the properties acquired during the six months ended June 30, 2018:

Property	Acquisition Date	Property Type	Approximate Square Feet	Acquisition Price (in millions)
2 Herald Square[1]	May 2018	Leasehold Interest	369,000	$ 266.0

(1) In May 2018, SL Green was the successful bidder for the leasehold interest in 2 Herald Square, at the foreclosure of the asset. In April and May 2017, the Company had purchased, at par, loans in maturity default, which were secured by the leasehold interest in 2 Herald Square. At the time the loans were purchased, the Company expected to collect all contractually required payments, including interest. In August 2017, the Company determined that it was probable that the loans would not be repaid in full and therefore, the loans were put on non-accrual status. No impairment was recorded as the Company believed that the fair value of the leasehold exceeded the carrying amount of the loans. In May 2018, the Company was the successful bidder at the foreclosure of the asset. We recorded the assets acquired and liabilities assumed at fair value. This resulted in the recognition of a fair value adjustment of $11.1 million, which is reflected in the Company's consolidated statement of operations within purchase price and other fair value adjustments. See Note 16, "Fair Value Measurements."

In May 2018, we entered into an agreement to sell a partial interest in 2 Herald Square resulting in the leasehold interest being classified as held for sale as of June 30, 2018. See Note 4, "Property Dispositions."

4. Properties Held for Sale and Property Dispositions
Properties Held for Sale
As of June 30, 2018, 1-6 International Drive and 2 Herald Square were classified as held for sale. We closed on the sale of 1-6 International Drive in July 2018.
Property Dispositions
The following table summarizes the properties sold during the six months ended June 30, 2018:

Property	Disposition Date	Property Type	Approximate Square Feet	Sales Price[1] (in millions)	Gain (loss)[2] (in millions)
600 Lexington Avenue	January 2018	Fee Interest	303,515	$ 305.0	$ 23.8
115-117 Stevens Avenue	May 2018	Fee Interest	178,000	12.0	(0.7)
635 Madison Avenue	June 2018	Fee Interest	176,530	153.0	(14.1)

(1) Sales price represents the gross sales price for a property or the gross asset valuation for interests in a property.
(2) Gain (loss) on sale amounts do not include adjustments for expenses recorded in subsequent periods.

5. Debt and Preferred Equity Investments
Below is a summary of the activity relating to our debt and preferred equity investments for the six months ended June 30, 2018 and the twelve months ended December 31, 2017 (in thousands):

	June 30, 2018	December 31, 2017
Balance at beginning of period [1]	$2,114,041	$ 1,640,412
Debt investment originations/accretion [2]	611,686	1,142,591
Preferred equity investment originations/accretion [2]	4,177	144,456
Redemptions/sales/syndications/amortization [3]	(561,389)	(813,418)
Balance at end of period [1]	$2,168,515	$ 2,114,041

(1) Net of unamortized fees, discounts, and premiums.
(2) Accretion includes amortization of fees and discounts and paid-in-kind investment income.
(3) Certain participations in debt investments that were sold or syndicated did not meet the conditions for sale accounting are included in other assets and other liabilities on the consolidated balance sheets.

Debt Investments

As of June 30, 2018 and December 31, 2017, we held the following debt investments with an aggregate weighted average current yield of 9.06% at June 30, 2018 (in thousands):

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Loan Type	June 30, 2018 Future Funding Obligations	June 30, 2018 Senior Financing	June 30, 2018 Carrying Value [1]	December 31, 2017 Carrying Value [1]	Maturity Date [2]
Fixed Rate Investments:					
Mortgage Loan[3][4]	$ —	$—	$26,394	$ 26,366	February 2019
Mortgage Loan	—	—	164	239	August 2019
Mezzanine Loan[5a]	—	1,160,000	208,506	204,005	March 2020
Mezzanine Loan	—	15,000	3,500	3,500	September 2021
Mezzanine Loan	—	147,000	24,922	24,913	April 2022
Mezzanine Loan	—	280,000	35,564	34,600	August 2022
Mezzanine Loan[6]	—	86,201	12,702	12,699	November 2023
Mezzanine Loan[5b]	—	115,000	12,936	12,932	June 2024
Mezzanine Loan	—	95,000	30,000	30,000	January 2025
Mezzanine Loan	—	340,000	15,000	15,000	November 2026
Mezzanine Loan	—	1,657,500	55,250	55,250	June 2027
Mortgage/Jr. Mortgage Loan[7]	—	—	—	250,464	
Total fixed rate	$ —	$3,895,701	$424,938	$ 669,968	
Floating Rate Investments:					
Mezzanine Loan	—	20,523	10,970	10,934	August 2018
Mortgage/Mezzanine Loan[8]	—	—	19,990	19,940	August 2018
Mezzanine Loan[9]	—	65,000	14,992	14,955	August 2018
Mortgage/Mezzanine Loan	—	—	16,992	16,969	September 2018
Mezzanine Loan[10]	—	37,500	14,961	14,855	September 2018
Mezzanine Loan	2,325	45,025	35,072	34,879	October 2018
Mezzanine Loan[5c]	—	150,000	15,347	15,381	December 2018
Mezzanine Loan[5d]	—	—	14,836	14,869	December 2018
Mezzanine Loan	—	33,000	26,967	26,927	December 2018
Mezzanine Loan	—	175,000	59,873	59,723	December 2018
Mezzanine Loan[11]	—	45,000	12,211	12,174	January 2019
Mezzanine Loan	4,000	29,291	9,980	8,550	January 2019
Mezzanine Loan[5e][12]	795	—	15,150	15,148	March 2019
Mezzanine Loan	—	38,000	21,964	21,939	March 2019
Mezzanine Loan[13]	—	40,000	19,958	19,982	April 2019
Mezzanine Loan[13]	—	61,130	21,718	34,947	April 2019
Mezzanine Loan	—	175,000	37,355	37,250	April 2019
Mezzanine Loan	—	265,000	24,895	24,830	April 2019
Mortgage/Jr. Mortgage Participation Loan	20,065	220,572	79,551	71,832	August 2019
Mezzanine Loan[10]	2,034	189,829	37,884	37,851	September 2019
Mortgage/Mezzanine Loan	20,560	—	168,369	143,919	September 2019
Mezzanine Loan	—	350,000	34,810	34,737	October 2019
Mortgage/Mezzanine Loan	1,306	—	46,168	—	December 2019
Mortgage/Mezzanine Loan	17,627	—	51,981	43,845	January 2020
Mezzanine Loan	1,123	571,863	78,462	75,834	January 2020

Mortgage Loan	14,786	—	84,783	—	February 2020
Mezzanine Loan	3,878	306,711	50,669	—	March 2020
Mortgage/Mezzanine Loan	45,019	—	333,290	—	April 2020
Mezzanine Loan	6,386	35,912	11,829	11,259	July 2020

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Loan Type	June 30, 2018 Future Funding Obligations	June 30, 2018 Senior Financing	June 30, 2018 Carrying Value (1)	December 31, 2017 Carrying Value (1)	Maturity Date (2)
Mezzanine Loan	44,088	340,558	83,065	75,428	November 2020
Mortgage and Mezzanine Loan	38,200	—	93,498	88,989	December 2020
Mortgage and Mezzanine Loan	—	—	35,207	35,152	December 2020
Jr. Mortgage Participation/Mezzanine Loan	—	60,000	15,648	15,635	July 2021
Mortgage/Mezzanine Loan (14)	—	—	—	162,553	
Mortgage/Mezzanine Loan (14)	—	—	—	74,755	
Mortgage/Mezzanine Loan (15)	—	—	—	23,609	
Total floating rate	$ 222,192	$3,254,914	$1,598,445	$ 1,299,650	
Total	$ 222,192	$7,150,615	$2,023,383	$ 1,969,618	

(1) Carrying value is net of discounts, premiums, original issue discounts and deferred origination fees.
(2) Represents contractual maturity, excluding any unexercised extension options.
(3) In September 2014, we acquired a $26.4 million mortgage loan at a $0.2 million discount and a $5.7 million junior mortgage participation at a $5.7 million discount. The junior mortgage participation has been a nonperforming loan since acquisition, is currently on non-accrual status and has no carrying value.
(4) This loan was repaid in August 2018.
(5) Carrying value is net of the following amounts that were sold or syndicated, which are included in other assets and other liabilities on the consolidated balance sheets as a result of the transfers not meeting the conditions for sale accounting: (a) $1.3 million, (b) $12.0 million, (c) $14.6 million, (d) $14.1 million, and (e) $5.1 million.
(6) The loan's June interest payment was outstanding at June 30, 2018 and was subsequently received in July 2018. The loan was evaluated in accordance with our loan review procedures and the Company concluded that the fair value of the collateral exceeded the carrying amount of the loan.
(7) These loans were purchased at par in April and May 2017 and were in maturity default at the time of acquisition. At the time the loans were purchased, the Company expected to collect all contractually required payments, including interest. In August 2017, the Company determined that it was probable that the loans would not be repaid in full and therefore, the loans were put on non-accrual status. No impairment was recorded as the Company believed that the fair value of the property exceeded the carrying amount of the loans. In May 2018, the Company was the successful bidder at the foreclosure of the asset, at which time the loans were credited to our equity investment in the property.
(8) This loan was extended in August 2018.
(9) This loan was extended in July 2018.
(10) This loan was repaid in July 2018.
(11) In July 2018, the Company accepted an assignment of the property in-lieu of repayment of the loan, and marked the assets received and liabilities assumed to fair value, which exceeded the carrying value of the loan.
(12) This loan was extended in March 2018.
(13) This loan was extended in April 2018.
(14) This loan was repaid in February 2018.
(15) This loan was sold in May 2018.

Preferred Equity Investments

As of June 30, 2018 and December 31, 2017, we held the following preferred equity investments with an aggregate weighted average current yield of 5.73% at June 30, 2018 (in thousands):

Type	June 30, 2018 Future Funding Obligations	June 30, 2018 Senior Financing	June 30, 2018 Carrying Value [1]	December 31, 2017 Carrying Value [1]	Maturity Date [2]
Preferred Equity	$ —	$ 272,000	$ 145,132	$ 144,423	April 2021
Total	$ —	$ 272,000	$ 145,132	$ 144,423	

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

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At June 30, 2018, all debt and preferred equity investments were performing in accordance with the terms of the relevant investments, with the exception of a junior mortgage participation acquired in September 2014, which was acquired for zero and has a carrying value of zero, as discussed in subnote 3 of the Debt Investments table above, and a mezzanine loan for which the June 2018 interest payment was outstanding as of June 30, 2018 and was subsequently received in July 2018, as discussed in subnote 5 of the Debt Investments table above.

At December 31, 2017, all debt and preferred equity investments were performing in accordance with the terms of the relevant investments, with the exception of our investment in 2 Herald Square which was purchased in maturity default in May 2017 and April 2017, respectively, for which we subsequently were the successful bidder for the leasehold interest at the foreclosure of the asset as discussed in Note 3, "Property Acquisitions," and a junior mortgage participation acquired in September 2014, which was acquired for zero and has a carrying value of zero, as discussed in subnote 3 of the Debt Investments table above.

We have determined that we have one portfolio segment of financing receivables at June 30, 2018 and December 31, 2017, comprising commercial real estate which is primarily recorded in debt and preferred equity investments. Included in other assets is an additional amount of financing receivables totaling $89.6 million and $65.5 million at June 30, 2018 and December 31, 2017, respectively. No financing receivables were 90 days past due at June 30, 2018.

6. Investments in Unconsolidated Joint Ventures

We have investments in several real estate joint ventures with various partners. As of June 30, 2018 and December 31, 2017, 800 Third Avenue, 21 East 66th Street, 605 West 42nd Street, 333 East 22nd Street, One Vanderbilt, and certain properties within the Stonehenge Portfolio are VIEs in which we are not the primary beneficiary. Our net equity investment in these VIEs was $680.1 million and $606.2 million as of June 30, 2018 and December 31, 2017, respectively. Our maximum loss is limited to the amount of our equity investment in these VIEs. See the "Principles of Consolidation" section of Note 2, "Significant Accounting Policies". All other investments below are voting interest entities. As we do not control the joint ventures listed below, we account for them under the equity method of accounting.

The table below provides general information on each of our joint ventures as of June 30, 2018:

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Property	Partner	Ownership Interest[1]	Economic Interest[1]	Unaudited Approximate Square Feet	Acquisition Date[2]	Acquisition Price[2] (in thousands)
100 Park Avenue	Prudential Real Estate Investors	49.90%	49.90%	834,000	February 2000	$ 95,800
717 Fifth Avenue	Jeff Sutton/Private Investor	10.92%	10.92%	119,500	September 2006	251,900
800 Third Avenue	Private Investors	60.52%	60.52%	526,000	December 2006	285,000
919 Third Avenue[3]	New York State Teacher's Retirement System	51.00%	51.00%	1,454,000	January 2007	1,256,727
11 West 34th Street	Private Investor/ Jeff Sutton	30.00%	30.00%	17,150	December 2010	10,800
3 Columbus Circle[4]	The Moinian Group	48.90%	48.90%	741,500	January 2011	500,000
280 Park Avenue	Vornado Realty Trust	50.00%	50.00%	1,219,158	March 2011	400,000
1552-1560 Broadway[5]	Jeff Sutton	50.00%	50.00%	57,718	August 2011	136,550
724 Fifth Avenue[6]	Jeff Sutton	50.00%	50.00%	65,010	January 2012	223,000
10 East 53rd Street	Canadian Pension Plan Investment Board	55.00%	55.00%	354,300	February 2012	252,500
521 Fifth Avenue	Plaza Global Real Estate Partners LP	50.50%	50.50%	460,000	November 2012	315,000
21 East 66th Street[7]	Private Investors	32.28%	32.28%	13,069	December 2012	75,000
650 Fifth Avenue[8]	Jeff Sutton	50.00%	50.00%	69,214	November 2013	—
121 Greene Street	Jeff Sutton	50.00%	50.00%	7,131	September 2014	27,400
55 West 46th Street	Prudential Real Estate Investors	25.00%	25.00%	347,000	November 2014	295,000
Stonehenge Portfolio[9]	Various	Various	Various	1,439,016	February 2015	36,668
131-137 Spring Street	Invesco Real Estate	20.00%	20.00%	68,342	August 2015	277,750
605 West 42nd Street	The Moinian Group	20.00%	20.00%	927,358	April 2016	759,000
11 Madison Avenue	PGIM Real Estate	60.00%	60.00%	2,314,000	August 2016	2,605,000
333 East 22nd Street	Private Investors	33.33%	33.33%	26,926	August 2016	—
400 East 57th Street[10]	BlackRock, Inc and Stonehenge Partners	51.00%	41.00%	290,482	October 2016	170,000
One Vanderbilt[11]	National Pension Service of Korea/Hines Interest LP	71.01%	71.01%	—	January 2017	3,310,000
Mezzanine Loan[12]	Private Investors	33.33%	33.33%	—	May 2017	15,000

Worldwide Plaza	RXR Realty / New York REIT / Private Investor	24.35%	24.35%	2,048,725	October 2017	1,725,000
1515 Broadway[13]	Allianz Real Estate of America	56.87%	56.87%	1,750,000	November 2017	1,950,000

(1) Ownership interest and economic interest represent the Company's interests in the joint venture as of June 30, 2018. Changes in ownership or economic interests within the current year are disclosed in the notes below.

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

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

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

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

(6) In July 2018, the Company closed on the sale of substantially all of its interest in 724 Fifth Avenue to its joint venture partner.

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

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

(9) In February and March 2018, the Company, together with its joint venture partner, closed on the sale of two properties from the Stonehenge Portfolio. These sales are further described under Sale of Joint Venture Interest of Properties below.

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

(11) The partners have committed aggregate equity totaling no less than $525 million and their ownership interest in the joint venture is based on their capital contributions, up to an aggregate maximum of 29.0%. At June 30, 2018 the total of the two partners' ownership interests based on equity contributed was 13.39%.

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

(13) In November 2017, the Company sold a 30% interest in 1515 Broadway to affiliates of Allianz Real Estate. The sale did not meet the criteria for sale accounting and as a result the property was accounted for under the profit sharing method at December 31, 2017. The Company achieved sale accounting upon adoption of ASC 610-20 in January 2018 and recorded a $0.6 billion gain from the sale of the partial interest and related step-up in basis to fair value of the retained non-controlling interest as an adjustment to beginning retained earnings based on the application of the modified retrospective adoption approach. The Company closed on the sale of an additional 13% interest in the property to Allianz in February 2018.

Acquisition, Development and Construction Arrangements

Based on the characteristics of the following arrangements, which are similar to those of an investment, combined with the expected residual profit of not greater than 50%, we have accounted for these debt and preferred equity investments under the equity method. As of June 30, 2018 and December 31, 2017, the carrying value for acquisition, development and construction arrangements were as follows (in thousands):

Loan Type	June 30, 2018	December 31, 2017	Maturity Date
Preferred Equity	$141,000	$ —	September 2018
Mezzanine Loan(1)	44,483	44,823	February 2022
Mezzanine Loan(2)	28,105	26,716	July 2036
Mezzanine Loan and Preferred Equity(3)	—	100,000	
	$213,588	$ 171,539	

(1) We have an option to convert our loan to an equity interest subject to certain conditions. We have determined that our option to convert the loan to equity is not a derivative financial instrument pursuant to GAAP.
(2) The Company was redeemed on this investment in July 2018.
(3) The mezzanine loan was repaid and the preferred equity interest was redeemed in March 2018.

Sale of Joint Venture Interests or Properties

The following table summarizes the investments in unconsolidated joint ventures sold during the six months ended June 30, 2018:

Property	Ownership Interest	Disposition Date	Type of Sale	Gross Asset Valuation (in thousands)(1)	Gain (Loss) on Sale (in thousands)(2)

1274 Fifth Avenue[3]	9.83%	February 2018	Property	$ 44,100	$ (362)
1515 Broadway[4]	13.00%	February 2018	Ownership Interest	1,950,000	—
Stonehenge Village[3]	5.00%	March 2018	Property	287,000	(5,701)
175-225 Third Street Brooklyn, New York	95.00%	April 2018	Property	115,000	19,483
1745 Broadway	56.87%	May 2018	Property	633,000	52,038
Jericho Plaza	11.67%	June 2018	Ownership Interest	117,400	147

(1) Represents implied gross valuation for the joint venture or sales price of the property.
(2) Represents the Company's share of the gain (loss).
(3) Property was part of the Stonehenge Portfolio.
(4) Our investment in 1515 Broadway was marked to fair value on January 1, 2018 upon adoption of ASC 610-20.

Joint Venture Mortgages and Other Loans Payable

We generally finance our joint ventures with non-recourse debt. In certain cases we have provided guarantees or master leases for tenant space, which terminate upon the satisfaction of specified circumstances or repayment of the underlying loans.

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The first mortgage notes and other loans payable collateralized by the respective joint venture properties and assignment of leases at June 30, 2018 and December 31, 2017, respectively, are as follows (amounts in thousands):

Property	Economic Interest (1)	Maturity Date	Interest Rate (2)		June 30, 2018	December 31, 2017
Fixed Rate Debt:						
521 Fifth Avenue	50.50 %	November 2019		3.73 %	$170,000	$170,000
717 Fifth Avenue (3)	10.92 %	July 2022		4.45 %	300,000	300,000
717 Fifth Avenue (3)	10.92 %	July 2022		5.50 %	355,328	355,328
650 Fifth Avenue (4)	50.00 %	October 2022		4.46 %	210,000	210,000
650 Fifth Avenue (4)	50.00 %	October 2022		5.45 %	65,000	65,000
21 East 66th Street	32.28 %	April 2023		3.60 %	12,000	12,000
919 Third Avenue	51.00 %	June 2023		5.12 %	500,000	—
3 Columbus Circle	48.90 %	March 2025		3.61 %	350,000	350,000
1515 Broadway	56.87 %	March 2025		3.93 %	864,238	872,528
11 Madison Avenue	60.00 %	September 2025		3.84 %	1,400,000	1,400,000
800 Third Avenue	60.52 %	February 2026		3.37 %	177,000	177,000
400 East 57th Street	41.00 %	November 2026		3.00 %	100,000	100,000
Worldwide Plaza	24.35 %	November 2027		3.98 %	1,200,000	1,200,000
Stonehenge Portfolio (5)	Various	Various		4.20 %	323,058	357,282
Total fixed rate debt					$6,026,624	$5,569,138
Floating Rate Debt:						
724 Fifth Avenue (6)	50.00 %	April 2019	L+	2.42 %	$275,000	$275,000
280 Park Avenue	50.00 %	September 2019	L+	1.73 %	1,200,000	1,200,000
121 Greene Street	50.00 %	November 2019	L+	1.50 %	15,000	15,000
10 East 53rd Street	55.00 %	February 2020	L+	2.25 %	170,000	170,000
131-137 Spring Street	20.00 %	August 2020	L+	1.55 %	141,000	141,000
1552 Broadway	50.00 %	October 2020	L+	2.65 %	195,000	195,000
55 West 46th Street (7)	25.00 %	November 2020	L+	2.13 %	174,430	171,444
11 West 34th Street	30.00 %	January 2021	L+	1.45 %	23,000	23,000
100 Park Avenue	49.90 %	February 2021	L+	1.75 %	360,000	360,000
One Vanderbilt (8)	71.01 %	September 2021	L+	3.50 %	375,000	355,535
605 West 42nd Street	20.00 %	August 2027	L+	1.44 %	550,000	550,000
21 East 66th Street	32.28 %	June 2033	1 Year Treasury+	2.75 %	1,608	1,648
Stonehenge Portfolio	Various	January 2021	L+	1.40 %	38,000	55,340
175-225 Third Street (9)					—	40,000
1745 Broadway (10)					—	345,000
Jericho Plaza (11)					—	81,099
Total floating rate debt					$3,518,038	$3,979,066
Total joint venture mortgages and other loans payable					$9,544,662	$9,548,204
Deferred financing costs, net					(110,924)	(136,103)
Total joint venture mortgages and other loans payable, net					$9,433,738	$9,412,101

(1) Economic interest represents the Company's interests in the joint venture as of June 30, 2018. Changes in ownership or economic interests, if any, within the current year are disclosed in the notes to the investment in unconsolidated joint ventures table above.

(2)

Interest rates as of June 30, 2018, taking into account interest rate hedges in effect during the period. Floating rate debt is presented with the stated interest rate spread over 30-day LIBOR, unless otherwise specified.

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

(4) These loans are comprised of a $210.0 million fixed rate mortgage loan and $65.0 million fixed rate mezzanine loan.

(5) Amount is comprised of $135.7 million, $54.8 million, and $132.6 million in fixed-rate mortgages that mature in August 2019, June 2024, and April 2028, respectively.
(6) In July 2018, the Company closed on the sale of substantially all of its interest in 724 Fifth Avenue to its joint venture partner.
(7) This loan has a committed amount of $195.0 million, of which $20.6 million was unfunded as of June 30, 2018.
(8) This loan is a $1.5 billion construction facility, which bears interest at 350 basis points over 30-day LIBOR, with reductions in interest cost based on meeting certain conditions, and has an initial five-year term with two one-year extension options. Advances under the loan are subject to incurred costs, funded equity, loan to value thresholds, and entering into construction contracts.
(9) In April 2018, along with our joint venture partner, we closed on the sale of the property.
(10) In May 2018, along with our joint venture partner, we closed on the sale of the property.
(11) In June 2018, we closed on the sale of our interest in the property.

We act as the operating partner and day-to-day manager for all our joint ventures, except for Worldwide Plaza, 800 Third Avenue, 280 Park Avenue, 3 Columbus Circle, 21 East 66th Street, 605 West 42nd Street, 400 East 57th Street, and the Stonehenge Portfolio. We are entitled to receive fees for providing management, leasing, construction supervision and asset management services to certain of our joint ventures. We earned $3.0 million and $6.9 million from these services, net of our ownership share of the joint ventures, for the three and six months ended June 30, 2018, respectively. We earned $12.4 million and $17.9 million from these services, net of our ownership share of the joint ventures, for the three and six months ended June 30, 2017, respectively. In addition, we have the ability to earn incentive fees based on the ultimate financial performance of certain of the joint venture properties.

The combined balance sheets for the unconsolidated joint ventures, at June 30, 2018 and December 31, 2017 are as follows (in thousands):

	June 30, 2018	December 31, 2017
Assets [(1)]		
Commercial real estate property, net	$14,193,325	$12,822,133
Cash and restricted cash	434,307	494,909
Tenant and other receivables, related party receivables, and deferred rents receivable, net of allowance	308,653	349,944
Debt and preferred equity investments, net	228,588	202,539
Other assets	2,254,990	1,407,806
Total assets	$17,419,863	$15,277,331
Liabilities and equity [(1)]		
Mortgages and other loans payable, net	$9,433,738	$9,412,101
Deferred revenue/gain	1,863,384	985,648
Other liabilities	478,916	411,053
Equity	5,643,825	4,468,529
Total liabilities and equity	$17,419,863	$15,277,331
Company's investments in unconsolidated joint ventures	$3,059,985	$2,362,989

(1) The combined assets, liabilities and equity for the unconsolidated joint ventures reflects the effect of step ups in basis on the retained non-controlling interests in deconsolidated investments as a result of the adoption of ASC 610-20 in January 2018.

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The combined statements of operations for the unconsolidated joint ventures, for the three and six months ended June 30, 2018 and 2017, are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Total revenues	$314,195	$210,590	$635,136	$427,109
Operating expenses	50,356	39,147	110,129	77,941
Ground rent	4,457	4,179	8,850	8,430
Real estate taxes	55,838	35,170	112,865	70,109
Interest expense, net of interest income	91,648	59,702	181,389	115,030
Amortization of deferred financing costs	7,350	7,458	12,466	13,963
Transaction related costs	—	56	—	146
Depreciation and amortization	111,495	65,944	216,575	137,109
Total expenses	321,144	211,656	642,274	422,728
Net (loss) income before gain on sale [1]	$(6,949)	$(1,066)	$(7,138)	$4,381
Company's equity in net income from unconsolidated joint ventures [1]	$4,702	$3,412	$8,738	$10,026

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

7. Deferred Costs

Deferred costs at June 30, 2018 and December 31, 2017 consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Deferred leasing costs	$426,875	$ 443,341
Less: accumulated amortization	(227,934)	(217,140)
Deferred costs, net	$198,941	$ 226,201

8. Mortgages and Other Loans Payable

The first mortgages and other loans payable collateralized by the respective properties and assignment of leases or debt investments at June 30, 2018 and December 31, 2017, respectively, were as follows (amounts in thousands):

Property	Maturity Date	Interest Rate [(1)]	June 30, 2018	December 31, 2017
Fixed Rate Debt:				
One Madison Avenue	May 2020	5.91%	$469,564	$486,153
762 Madison Avenue	February 2022	5.00%	771	771
100 Church Street	July 2022	4.68%	215,223	217,273
420 Lexington Avenue	October 2024	3.99%	300,000	300,000
400 East 58th Street [(2)]	November 2026	3.00%	40,000	40,000
Landmark Square	January 2027	4.90%	100,000	100,000
485 Lexington Avenue	February 2027	4.25%	450,000	450,000
1080 Amsterdam [(3)]	February 2027	3.58%	36,138	36,363
315 West 33rd Street	February 2027	4.17%	250,000	250,000
919 Third Avenue [(4)]			—	500,000
Unsecured Loan [(5)]			—	16,000
Series J Preferred Units [(6)]			—	4,000
Total fixed rate debt			$1,861,696	$2,400,560
Floating Rate Debt:				
719 Seventh Avenue	February 2019	L+3.05%	$44,000	$41,622
183, 187 Broadway & 5-7 Dey Street [(7)]	May 2019	L+2.70%	58,000	58,000
2017 Master Repurchase Agreement [(8)]	June 2019	L+2.34%	300,000	90,809
220 East 42nd Street	October 2020	L+1.60%	275,000	275,000
Total floating rate debt			$677,000	$465,431
Total fixed rate and floating rate debt			$2,538,696	$2,865,991
Mortgages reclassed to liabilities related to assets held for sale			—	—
Total mortgages and other loans payable			$2,538,696	$2,865,991
Deferred financing costs, net of amortization			(21,599)	(28,709)
Total mortgages and other loans payable, net			$2,517,097	$2,837,282

(1) Interest rate as of June 30, 2018, taking into account interest rate hedges in effect during the period. Floating rate debt is presented with the stated interest rate spread over 30-day LIBOR, unless otherwise specified.

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

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

(4) Our investment in the property was deconsolidated as of January 1, 2018. See Note 6, "Investments in Unconsolidated Joint Ventures".

(5) In May 2018, the loan was repaid in connection with the sale of property.

(6) In June 2018, the Series J Preferred Units were redeemed in connection with the sale of the property.

(7) In May 2018, we exercised a 12-month extension option.

(8) In June 2018, we exercised a 12-month extension option.

At June 30, 2018 and December 31, 2017, the gross book value of the properties and debt and preferred equity investments collateralizing the mortgages and other loans payable, not including assets held for sale, was approximately $3.8 billion and $4.8 billion, respectively.

Master Repurchase Agreements

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

In June 2017, we entered into the 2017 MRA, with a maximum facility capacity of $300.0 million. In April 2018, we increased the maximum facility capacity to $400.0 million. The facility bears interest on a floating rate basis at a spread to 30-day LIBOR based on the pledged collateral and advance rate and has an initial one year term, with two one year extension options. In June 2018, we exercised a one year extension option. At June 30, 2018, the facility had an outstanding balance of $299.2 million, net of deferred financing costs.

In July 2016, we entered into a restated 2016 MRA, with a maximum facility capacity of $300.0 million. In June 2018, we terminated the restated 2016 MRA. The facility bore interest ranging from 225 and 400 basis points over 30-day LIBOR depending on the pledged collateral and had an initial two-year term, with a one year extension option. Since December 6, 2015, we had been required to pay monthly in arrears a 25 basis point fee on the excess of $150.0 million over the average daily balance during the period when the average daily balance was less than $150.0 million.

9. Corporate Indebtedness

2017 Credit Facility

In November 2017, we entered into an amendment to the credit facility, referred to as the 2017 credit facility, that was originally entered into by the Company in November 2012, or the 2012 credit facility. As of June 30, 2018, the 2017 credit facility consisted of a $1.5 billion revolving credit facility, a $1.3 billion term loan (or "Term Loan A"), and a $200.0 million term loan (or "Term Loan B") with maturity dates of March 31, 2022, March 31, 2023, and November 21, 2024, respectively. The revolving credit facility has two six-month as-of-right extension options to March 31, 2023. We also have an option, subject to customary conditions, to increase the capacity of the credit facility to $4.5 billion at any time prior to the maturity dates for the revolving credit facility and term loans without the consent of existing lenders, by obtaining additional commitments from our existing lenders and other financial institutions.

As of June 30, 2018, the 2017 credit facility bore interest at a spread over 30-day LIBOR ranging from (i) 82.5 basis points to 155 basis points for loans under the revolving credit facility, (ii) 90 basis points to 175 basis points for loans under Term Loan A, and (iii) 150 basis points to 245 basis points for loans under Term Loan B, in each case based on the credit rating assigned to the senior unsecured long term indebtedness of the Company.

At June 30, 2018, the applicable spread was 100 basis points for the revolving credit facility, 110 basis points for Term Loan A, and 165 basis points for Term Loan B. We are required to pay quarterly in arrears a 12.5 to 30 basis point facility fee on the total commitments under the revolving credit facility based on the credit rating assigned to the senior unsecured long term indebtedness of the Company. As of June 30, 2018, the facility fee was 20 basis points.

As of June 30, 2018, we had $11.8 million of outstanding letters of credit, $360.0 million drawn under the revolving credit facility and $1.5 billion outstanding under the term loan facilities, with total undrawn capacity of $1.1 billion under the 2017 credit facility. At June 30, 2018 and December 31, 2017, the revolving credit facility had a carrying value of $351.3 million and $30.3 million, respectively, net of deferred financing costs. At June 30, 2018 and December 31, 2017, the term loan facilities had a carrying value of $1.5 billion and $1.5 billion, respectively, net of deferred financing costs.

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

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

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Senior Unsecured Notes

The following table sets forth our senior unsecured notes and other related disclosures as of June 30, 2018 and December 31, 2017, respectively, by scheduled maturity date (amounts in thousands):

Issuance	June 30, 2018 Unpaid Principal Balance	June 30, 2018 Accreted Balance	December 31, 2017 Accreted Balance	Coupon Rate [1]	Initial Term (in Years)	Maturity Date
August 5, 2011 [2]	$ 250,000	$ 249,991	$ 249,953	5.00 %	7	August 2018
March 16, 2010 [2]	250,000	250,000	250,000	7.75 %	10	March 2020
October 5, 2017 [3]	500,000	499,539	499,489	3.25 %	5	October 2022
November 15, 2012 [4]	300,000	304,673	305,163	4.50 %	10	December 2022
December 17, 2015 [2]	100,000	100,000	100,000	4.27 %	10	December 2025
	$ 1,400,000	$ 1,404,203	$ 1,404,605			
Deferred financing costs, net		(7,481)	(8,666)			
	$ 1,400,000	$ 1,396,722	$ 1,395,939			

(1) Interest on the senior unsecured notes is payable semi-annually with principal and unpaid interest due on the scheduled maturity dates.
(2) Issued by the Company, the Operating Partnership and ROP, as co-obligors.
(3) Issued by the Operating Partnership with the Company and ROP as guarantors.
(4) In October 2017, the Company, the Operating Partnership and ROP, as co-obligors, issued an additional $100.0 million of 4.50% senior unsecured notes due December 2022. The notes were priced at 105.334%.

In August 2018, the Operating Partnership issued $350.0 million of senior unsecured notes, with the Company and ROP as guarantors. The notes bear interest at a floating rate, reset quarterly, equal to three-month LIBOR plus 98 basis points. The notes will mature in August 2021 and can be redeemed at par beginning in August 2019.

Restrictive Covenants

The terms of the 2017 credit facility and certain of our senior unsecured notes include certain restrictions and covenants which may limit, among other things, our ability to pay dividends, make certain types of investments, incur additional indebtedness, incur liens and enter into negative pledge agreements and dispose of assets, and which require compliance with financial ratios relating to the maximum ratio of total indebtedness to total asset value, a minimum ratio of EBITDA to fixed charges, a maximum ratio of secured indebtedness to total asset value and a maximum ratio of unsecured indebtedness to unencumbered asset value. The dividend restriction referred to above provides that, we will not during any time when a default is continuing, make distributions with respect to common stock or other equity interests, except to enable the Company to continue to qualify as a REIT for Federal income tax purposes. As of June 30, 2018 and December 31, 2017, we were in compliance with all such covenants.

Junior Subordinated Deferrable Interest Debentures

In June 2005, the Company and the Operating Partnership issued $100.0 million in unsecured trust preferred securities through a newly formed trust, SL Green Capital Trust I, or the Trust, which is a wholly-owned subsidiary of the Operating Partnership. The securities mature in 2035 and bear interest at a floating rate of 125 basis points over the three-month LIBOR. Interest payments may be deferred for a period of up to eight consecutive quarters if the

Operating Partnership exercises its right to defer such payments. The Trust preferred securities are redeemable at the option of the Operating Partnership, in whole or in part, with no prepayment premium. We do not consolidate the Trust even though it is a variable interest entity as we are not the primary beneficiary. Because the Trust is not consolidated, we have recorded the debt on our consolidated balance sheets and the related payments are classified as interest expense.

Principal Maturities

Combined aggregate principal maturities of mortgages and other loans payable, 2017 credit facility, trust preferred securities, senior unsecured notes and our share of joint venture debt as of June 30, 2018, including as-of-right extension options and put options, were as follows (in thousands):

	Scheduled Amortization	Principal	Revolving Credit Facility	Unsecured Term Loans	Trust Preferred Securities	Senior Unsecured Notes	Total	Joint Venture Debt
Remaining 2018	$ 19,097	$—	$—	$—	$—	$250,000	$269,097	$4,986
2019	42,271	102,000	—	—	—	—	144,271	252,795
2020	23,466	979,531	—	—	—	250,000	1,252,997	276,006
2021	11,638	—	—	—	—	—	11,638	454,621
2022	9,430	198,555	—	—	—	800,000	1,007,985	220,810
Thereafter	16,591	1,136,117	360,000	1,500,000	100,000	100,000	3,212,708	2,879,344
	$ 122,493	$2,416,203	$360,000	$1,500,000	$100,000	$1,400,000	$5,898,696	$4,088,562

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Interest expense before capitalized interest	$61,553	$71,992	$116,471	$144,414
Interest capitalized	(7,594)	(6,743)	(14,280)	(13,022)
Interest income	(348)	(393)	(664)	(914)
Interest expense, net	$53,611	$64,856	$101,527	$130,478

10. Related Party Transactions

Cleaning/ Security/ Messenger and Restoration Services

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

Income earned from the profit participation, which is included in other income on the consolidated statements of operations, was $1.0 million and $2.0 million for the three and six months ended June 30, 2018, respectively, and was $1.0 million and $2.0 million for the three and six months ended June 30, 2017, respectively.

We also recorded expenses, inclusive of capitalized expenses, of $5.1 million and $9.1 million for the three and six months ended June 30, 2018, respectively, for these services (excluding services provided directly to tenants), and $5.8 million and $10.3 million for the three and six months ended June 30, 2017, respectively.

Management Fees

S.L. Green Management Corp., a consolidated entity, receives property management fees from an entity in which Stephen L. Green owns an interest. We received management fees from this entity of $0.1 million and $0.3 million for the three and six months ended June 30, 2018, respectively and $0.1 million and $0.3 million for the three and six months ended June 30, 2017, respectively.

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One Vanderbilt Investment

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

Other

We are entitled to receive fees for providing management, leasing, construction supervision and asset management services to certain of our joint ventures as further described in Note 6, "Investments in Unconsolidated Joint Ventures." Amounts due from joint ventures and related parties at June 30, 2018 and December 31, 2017 consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Due from joint ventures	$17,446	$ 15,025
Other	10,408	8,014
Related party receivables	$27,854	$ 23,039

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

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

Common Units of Limited Partnership Interest in the Operating Partnership

As of June 30, 2018 and December 31, 2017, the noncontrolling interest unit holders owned 5.20%, or 4,699,872 units, and 4.58%, or 4,452,979 units, of the Operating Partnership, respectively. As of June 30, 2018, 4,699,872 shares of our common stock were reserved for issuance upon the redemption of units of limited partnership interest of the Operating Partnership.

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

Below is a summary of the activity relating to the noncontrolling interests in the Operating Partnership for the six months ended June 30, 2018 and the twelve months ended December 31, 2017 (in thousands):

	June 30, 2018	December 31, 2017
Balance at beginning of period	$461,954	$ 473,882
Distributions	(7,712)	(14,266)
Issuance of common units	17,714	25,723

Redemption of common units	(1,561)	(21,574)
Net income	10,858	3,995
Accumulated other comprehensive income allocation	864	(94)
Fair value adjustment	4,493	(5,712)
Balance at end of period	$486,610	$ 461,954

Preferred Units of Limited Partnership Interest in the Operating Partnership

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

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

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

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

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

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

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

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

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

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

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

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

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

Through a consolidated subsidiary, we have authorized up to 109,161 3.50% Series A Preferred Units of limited partnership interest, or the Subsidiary Series A Preferred Units, with a liquidation preference of $1,000.00 per unit. In August 2015, the Company issued 109,161 Subsidiary Series A Preferred Units in conjunction with an acquisition. The Subsidiary Series A Preferred unitholders receive annual dividends of $35.00 per unit paid on a quarterly basis and dividends are cumulative, subject to certain provisions. The Subsidiary Series A Preferred Units can be redeemed at any time, at the option of the unitholder, either for cash or are convertible on a one-for-one basis, into the Series B Preferred Units of limited partnership interest, or the Subsidiary Series B Preferred Units. The Subsidiary Series B Preferred Units can be converted at any time, at the option of the unitholder, into a number of common stock equal to 6.71348 shares of common stock for each Subsidiary Series B Preferred Unit. As of June 30, 2018, no Subsidiary Series B Preferred Units have been issued.

Below is a summary of the activity relating to the preferred units in the Operating Partnership for the three months ended June 30, 2018 and the twelve months ended December 31, 2017 (in thousands):

	June 30, 2018	December 31, 2017
Balance at beginning of period	$301,735	$ 302,010
Issuance of preferred units	—	—

Redemption of preferred units	(350)	(275)
Balance at end of period	$301,385	$ 301,735

12. Stockholders' Equity of the Company

Common Stock

Our authorized capital stock consists of 260,000,000 shares, $0.01 par value per share, consisting of 160,000,000 shares of common stock, $0.01 par value per share, 75,000,000 shares of excess stock, at $0.01 par value per share, and 25,000,000 shares of preferred stock, par value $0.01 per share. As of June 30, 2018, 85,725,135 shares of common stock and no shares of excess stock were issued and outstanding.

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Stock Repurchase Program

In August 2016, our Board of Directors approved a stock repurchase plan under which we can repurchase up to $1.0 billion of shares of our common stock. The Board of Directors has since authorized two separate $500.0 million increases to the size of the share repurchase program in the fourth quarter of 2017 and the second quarter of 2018 bringing the program total to $2.0 billion.

At June 30, 2018, repurchases executed under the plan were as follows:

Period	Shares repurchased	Average price paid per share	Cumulative number of shares repurchased as part of the repurchase plan or programs	Maximum approximate dollar value of shares that may yet be repurchased under the plan (in millions) (1)
2017	8,342,411	$101.64	8,342,411	$1,152.0
First quarter 2018	3,653,928	$97.07	11,996,339	$797.2
Second quarter 2018 (2)	3,479,552	$97.22	15,475,891	$458.9

(1) Reflective of $2.0 billion plan maximum as of June 30, 2018.

(2) Includes 101,421 shares of common stock repurchased by the Company in June 2018 that were settled in July 2018.

Perpetual Preferred Stock

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

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Dividend Reinvestment and Stock Purchase Plan ("DRSPP")

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

The following table summarizes SL Green common stock issued, and proceeds received from dividend reinvestments and/or stock purchases under the DRSPP for the six months ended June 30, 2018 and 2017, respectively (dollars in thousands):

	Six Months Ended June 30,	
	2018	2017
Shares of common stock issued	674	1,036
Dividend reinvestments/stock purchases under the DRSPP	$64	$111

Earnings per Share

SL Green's earnings per share for the three and six months ended June 30, 2018 and 2017 are computed as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
Numerator	2018	2017	2018	2017
Basic Earnings:				
Income attributable to SL Green common stockholders	$103,556	$8,222	$205,322	$19,573
Effect of Dilutive Securities:				
Redemption of units to common shares	5,586	419	10,858	895
Diluted Earnings:				
Income attributable to SL Green common stockholders	$109,142	$8,641	$216,180	$20,468

	Three Months Ended June 30,		Six Months Ended June 30,	
Denominator	2018	2017	2018	2017
Basic Shares:				
Weighted average common stock outstanding	87,176	99,900	88,772	100,268
Effect of Dilutive Securities:				
Operating Partnership units redeemable for common shares	4,706	4,562	4,695	4,584
Stock-based compensation plans	201	270	200	288
Diluted weighted average common stock outstanding	92,083	104,732	93,667	105,140

SL Green has excluded 1,158,317 and 1,184,735 common stock equivalents from the diluted shares outstanding for the three and six months ended June 30, 2018, respectively, as they were anti-dilutive. SL Green has excluded 986,390 and 979,676 common stock equivalents from the diluted shares outstanding for the three and six months ended June 30, 2017, respectively, as they were anti-dilutive.

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13. Partners' Capital of the Operating Partnership

The Company is the sole general partner of the Operating Partnership and at June 30, 2018 owned 85,725,135 general and limited partnership interests in the Operating Partnership and 9,200,000 Series I Preferred Units. Partnership interests in the Operating Partnership are denominated as “common units of limited partnership interest” (also referred to as “OP Units”) or “preferred units of limited partnership interest” (also referred to as “Preferred Units”). All references to OP Units and Preferred Units outstanding exclude such units held by the Company. A holder of an OP Unit may present such OP Unit to the Operating Partnership for redemption at any time (subject to restrictions agreed upon at the issuance of OP Units to particular holders that may restrict such right for a period of time, generally one year from issuance). Upon presentation of an OP Unit for redemption, the Operating Partnership must redeem such OP Unit in exchange for the cash equal to the then value of a share of common stock of the Company, except that the Company may, at its election, in lieu of cash redemption, acquire such OP Unit for one share of common stock. Because the number of shares of common stock outstanding at all times equals the number of OP Units that the Company owns, one share of common stock is generally the economic equivalent of one OP Unit, and the quarterly distribution that may be paid to the holder of an OP Unit equals the quarterly dividend that may be paid to the holder of a share of common stock. Each series of Preferred Units makes a distribution that is set in accordance with an amendment to the partnership agreement of the Operating Partnership. Preferred Units may also be convertible into OP Units at the election of the holder thereof or the Company, subject to the terms of such Preferred Units.

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

Limited Partner Units

As of June 30, 2018, limited partners other than SL Green owned 5.20%, or 4,699,872 common units, of the Operating Partnership.

Preferred Units

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

Earnings per Unit

The Operating Partnership's earnings per unit for the three and six months ended June 30, 2018 and 2017, respectively, are computed as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
Numerator	2018	2017	2018	2017
Basic and Diluted Earnings:				
Income attributable to SLGOP common unitholders	$109,142	$8,641	$216,180	$20,468

	Three Months Ended June 30,		Six Months Ended June 30,	
Denominator	2018	2017	2018	2017
Basic units:				
Weighted average common units outstanding	91,882	104,462	93,467	104,852
Effect of Dilutive Securities:				
Stock-based compensation plans	201	270	200	288
Diluted weighted average common units outstanding	92,083	104,732	93,667	105,140

The Operating Partnership has excluded 1,158,317 and 1,184,735 common unit equivalents from the diluted units outstanding for the three and six months ended June 30, 2018, respectively, as they were anti-dilutive. The Operating Partnership has excluded 986,390 and 979,676 common unit equivalents from the diluted units outstanding for the three and six months ended June 30, 2017, respectively, as they were anti-dilutive.

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14. Share-based Compensation

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

Fourth Amended and Restated 2005 Stock Option and Incentive Plan

The Fourth Amended and Restated 2005 Stock Option and Incentive Plan, or the 2005 Plan, was approved by the Company's board of directors in April 2016 and its stockholders in June 2016 at the Company's annual meeting of stockholders. The 2005 Plan authorizes the issuance of stock options, stock appreciation rights, unrestricted and restricted stock, phantom shares, dividend equivalent rights, cash-based awards and other equity-based awards. Subject to adjustments upon certain corporate transactions or events, awards with respect to up to a maximum of 27,030,000 fungible units may be granted under the 2005 Plan. Currently, different types of awards count against the limit on the number of fungible units differently, with (1) full-value awards (i.e., those that deliver the full value of the award upon vesting, such as restricted stock) counting as 3.74 Fungible Units per share subject to such awards, (2) stock options, stock appreciation rights and other awards that do not deliver full value and expire five years from the date of grant counting as 0.73 fungible units per share subject to such awards, and (3) all other awards (e.g., ten-year stock options) counting as 1.0 fungible units per share subject to such awards. Awards granted under the 2005 Plan prior to the approval of the fourth amendment and restatement in June 2016 continue to count against the fungible unit limit based on the ratios that were in effect at the time such awards were granted, which may be different than the current ratios. As a result, depending on the types of awards issued, the 2005 Plan may result in the issuance of more or less than 27,030,000 shares. If a stock option or other award granted under the 2005 Plan expires or terminates, the common stock subject to any portion of the award that expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Shares of our common stock distributed under the 2005 Plan may be treasury shares or authorized but unissued shares. Currently, unless the 2005 Plan has been previously terminated by the Company's board of directors, new awards may be granted under the 2005 Plan until June 2, 2026, which is the tenth anniversary of the date that the 2005 Plan was most recently approved by the Company's stockholders. As of June 30, 2018, 7.4 million fungible units were available for issuance under the 2005 Plan after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units.

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

The fair value of each stock option or LTIP Unit granted is estimated on the date of grant using the Black-Scholes option pricing model based on historical information with the following weighted average assumptions for grants during the six months ended June 30, 2018 and the year ended December 31, 2017.

	June 30, 2018	December 31, 2017
Dividend yield	2.85 %	2.51 %

Expected life	3.5 years		4.4 years	
Risk-free interest rate	2.48	%	1.73	%
Expected stock price volatility	22.00	%	28.10	%

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A summary of the status of the Company's stock options as of June 30, 2018 and December 31, 2017, and changes during the six months ended June 30, 2018 and year ended December 31, 2017 are as follows:

	June 30, 2018		December 31, 2017	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Balance at beginning of period	1,548,719	$ 101.48	1,737,213	$ 98.44
Granted	6,000	97.91	174,000	105.66
Exercised	(58,734)	89.62	(292,193)	81.07
Lapsed or canceled	(56,033)	114.70	(70,301)	121.68
Balance at end of period	1,439,952	$ 101.43	1,548,719	$ 101.48
Options exercisable at end of period	1,067,969	$ 98.93	800,902	$ 94.33
Total fair value of options granted during the period	$ 84,068		$ 3,816,652	

All options were granted with strike prices ranging from $20.67 to $137.18. The remaining weighted average contractual life of the options outstanding was 3.2 years and the remaining average contractual life of the options exercisable was 3.2 years.

During the three and six months ended June 30, 2018, we recognized compensation expense for these options of $1.6 million and $3.2 million, respectively. During the three and six months ended June 30, 2017, we recognized compensation expense for these options of $1.9 million and $3.9 million, respectively.

As of June 30, 2018, there was $4.9 million of total unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of 1.3 years.

Stock-based Compensation

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

A summary of the Company's restricted stock as of June 30, 2018 and December 31, 2017 and charges during the six months ended June 30, 2018 and the year ended December 31, 2017, are as follows:

	June 30, 2018	December 31, 2017
Balance at beginning of period	3,298,216	3,202,031
Granted	1,700	96,185
Canceled	(8,300)	—
Balance at end of period	3,291,616	3,298,216
Vested during the period	92,114	95,736
Compensation expense recorded	$ 6,251,350	$ 9,809,749
Total fair value of restricted stock granted during the period	$ 163,831	$ 9,905,986

The fair value of restricted stock that vested during the six months ended June 30, 2018 and the year ended December 31, 2017 was $9.8 million and $9.4 million, respectively. As of June 30, 2018 there was $15.2 million of total unrecognized compensation cost related to restricted stock, which is expected to be recognized over a weighted average period of 1.8 years.

For the three and six months ended June 30, 2018, $1.6 million and $3.2 million, respectively, was capitalized to assets associated with compensation expense related to our long-term compensation plans, restricted stock and stock options. For the three and six months ended June 30, 2017 $2.0 million and $3.6 million, respectively, was capitalized to assets associated with compensation expense related to our long-term compensation plans, restricted stock and stock options.

We granted LTIP Units, which include bonus, time-based and performance based awards, with a fair value of $20.6 million and $20.5 million as of June 30, 2018 and December 31, 2017, respectively. The grant date fair value of the LTIP Unit awards was calculated in accordance with ASC 718. A third party consultant determined the fair value of the LTIP Units to have a discount from our common stock price. The discount was calculated by considering the inherent uncertainty that the LTIP Units will reach parity with other common partnership units and the illiquidity due to transfer restrictions. As of June 30, 2018, there was $7.5 million of total unrecognized compensation expense related to the time-based and performance based awards, which is expected to be recognized over a weighted average period of 1.1 years.

During the three and six months ended June 30, 2018, we recorded compensation expense related to bonus, time-based and performance based awards of $2.3 million and $9.1 million, respectively. During the three and six months ended June 30, 2017 we recorded compensation expense related to bonus, time-based and performance based awards of $2.6 million and $12.6 million, respectively.

2014 Outperformance Plan

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

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

The cost of the 2014 Outperformance Plan ($27.9 million, subject to forfeitures), based on the portion of the 2014 Outperformance Plan granted prior to termination, was amortized into earnings through December 31, 2017. We recorded no compensation expense for the three and six months ended June 30, 2018 related to the 2014 Outperformance Plan. We recorded compensation expense of $4.3 million and $6.3 million for the three and six months ended June 30, 2017, respectively, related to the 2014 Outperformance Plan.

Deferred Compensation Plan for Directors

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

During the six months ended June 30, 2018, 11,502 phantom stock units and 9,332 shares of common stock were issued to our board of directors. We recorded compensation expense of $0.1 million and $2.1 million during the three and six months ended June 30, 2018, respectively, related to the Deferred Compensation Plan. We recorded compensation expense of $0.2 million and $2.1 million during the three and six months ended June 30, 2017, respectively, related to the Deferred Compensation Plan.

As of June 30, 2018, there were 111,356 phantom stock units outstanding pursuant to our Non-Employee Director's Deferral Program.

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Employee Stock Purchase Plan

In 2007, the Company's board of directors adopted the 2008 Employee Stock Purchase Plan, or ESPP, to encourage our employees to increase their efforts to make our business more successful by providing equity-based incentives to eligible employees. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code, and has been adopted by the board to enable our eligible employees to purchase the Company's shares of common stock through payroll deductions. The ESPP became effective on January 1, 2008 with a maximum of 500,000 shares of the common stock available for issuance, subject to adjustment upon a merger, reorganization, stock split or other similar corporate change. The Company filed a registration statement on Form S-8 with the SEC with respect to the ESPP. The common stock is offered for purchase through a series of successive offering periods. Each offering period will be three months in duration and will begin on the first day of each calendar quarter, with the first offering period having commenced on January 1, 2008. The ESPP provides for eligible employees to purchase the common stock at a purchase price equal to 85% of the lesser of (1) the market value of the common stock on the first day of the offering period or (2) the market value of the common stock on the last day of the offering period. The ESPP was approved by our stockholders at our 2008 annual meeting of stockholders. As of June 30, 2018, 110,045 shares of our common stock had been issued under the ESPP.

15. Accumulated Other Comprehensive Income

The following tables set forth the changes in accumulated other comprehensive income (loss) by component as of June 30, 2018 (in thousands):

	Net unrealized gain on derivative instruments (1)	SL Green's share of joint venture net unrealized gain on derivative instruments (2)	Net unrealized gain on marketable securities	Total
Balance at December 31, 2017	$ 12,542	$ 5,020	$ 1,042	$18,604
Other comprehensive (loss) income before reclassifications	9,837	4,097	(14)	13,920
Amounts reclassified from accumulated other comprehensive income	237	(139)	—	98
Balance at June 30, 2018	$ 22,616	$ 8,978	$ 1,028	$32,622

(1) Amount reclassified from accumulated other comprehensive income (loss) is included in interest expense in the respective consolidated statements of operations. As of June 30, 2018 and December 31, 2017, the deferred net losses from these terminated hedges, which is included in accumulated other comprehensive loss relating to net unrealized loss on derivative instrument, was $2.2 million and $3.2 million, respectively.

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

16. Fair Value Measurements

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

The following tables set forth the assets and liabilities that we measure at fair value on a recurring and non-recurring basis by their levels in the fair value hierarchy at June 30, 2018 and December 31, 2017 (in thousands):

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	June 30, 2018			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities	$28,570	$ —	$28,570	$ —
Interest rate cap and swap agreements (included in other assets)	$26,132	$ —	$26,132	$ —

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

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

In May 2018, the Company was the successful bidder at the foreclosure of 2 Herald Square, at which time the Company's $250.5 million outstanding principal balance and $7.7 million accrued interest balance receivables were credited to our equity investment in the property. We recorded the assets acquired and liabilities assumed at fair value. This resulted in the recognition of a fair value adjustment of $11.1 million, which is reflected on the Company's consolidated statement of operations within purchase price and other fair value adjustments. This fair value was determined by utilizing our successful bid at the foreclosure of the asset, the agreement to sell a partial interest in the property, and cash flow projections that apply, among other things, estimated revenue and expense growth rates, discount rates and capitalization rates, as well as a sales comparison approach, which utilizes comparable sales, listings and sales contracts, all of which are classified as Level 3 inputs.

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

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

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

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

The following table provides the carrying value and fair value of these financial instruments as of June 30, 2018 and December 31, 2017 (in thousands):

	June 30, 2018		December 31, 2017	
	Carrying Value [1]	Fair Value	Carrying Value [1]	Fair Value
Debt and preferred equity investments	$2,168,515	[2]	$2,114,041	[2]
Fixed rate debt	$3,765,899	$3,796,225	$4,305,165	$4,421,866
Variable rate debt	2,137,000	2,151,998	1,605,431	1,612,224
	$5,902,899	$5,948,223	$5,910,596	$6,034,090

(1) Amounts exclude net deferred financing costs.

(2) At June 30, 2018, debt and preferred equity investments had an estimated fair value ranging between $2.2 billion and $2.4 billion. At December 31, 2017, debt and preferred equity investments had an estimated fair value ranging between $2.1 billion and $2.3 billion.

Disclosure about fair value of financial instruments was based on pertinent information available to us as of June 30, 2018 and December 31, 2017. Although we are not aware of any factors that would significantly affect the reasonable fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

17. Financial Instruments: Derivatives and Hedging

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

The following table summarizes the notional value at inception and fair value of our consolidated derivative financial instruments at June 30, 2018 based on Level 2 information. The notional value is an indication of the extent of our involvement in these instruments at that time, but does not represent exposure to credit, interest rate or market risks (amounts in thousands).

	Notional Value	Strike Rate	Effective Date	Expiration Date	Balance Sheet Location	Fair Value
Interest Rate Swap	$ 200,000	1.131 %	July 2016	July 2023	Other Assets	$ 15,272
Interest Rate Swap	100,000	1.161 %	July 2016	July 2023	Other Assets	7,496
Interest Rate Cap	137,500	4.000 %	September 2017	September 2019	Other Assets	1

Interest Rate Swap	100,000	1.928 %	December 2017	November 2020	Other Assets	1,688
Interest Rate Swap	100,000	1.934 %	December 2017	November 2020	Other Assets	1,675
						$ 26,132

During the three months ended June 30, 2018, we recorded a loss on the changes in the fair value of $0.1 million, which is included in interest expense in the consolidated statements of operations. During the six months ended June 30, 2018, we recorded a loss on the changes in the fair value of $0.3 million, which is included in interest expense in the consolidated statements of operations. During the three months ended June 30, 2017, we did not record a gain or loss on the changes in the fair value. During the six months ended June 30, 2017, we recorded a loss on the changes in the fair value of $0.1 million, which is included in interest expense in the consolidated statements of operations.

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company either defaults or is capable of being declared in default on any of its indebtedness, then the Company could also be declared in default

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on its derivative obligations. As of June 30, 2018, the fair value of derivatives in a net liability position including accrued interest but excluding any adjustment for nonperformance risk related to these agreements was zero. As of June 30, 2018, the Company has not posted any collateral related to these agreements and was not in breach of any agreement provisions. If the Company had breached any of these provisions, it could have been required to settle its obligations under the agreements at their aggregate termination value of zero at June 30, 2018.

Gains and losses on terminated hedges are included in accumulated other comprehensive income, and are recognized into earnings over the term of the related mortgage obligation. Over time, the realized and unrealized gains and losses held in accumulated other comprehensive income will be reclassified into earnings as an adjustment to interest expense in the same periods in which the hedged interest payments affect earnings. We estimate that $2.6 million of the current balance held in accumulated other comprehensive income will be reclassified into interest expense and $1.4 million of the portion related to our share of joint venture accumulated other comprehensive income will be reclassified into equity in net income from unconsolidated joint ventures within the next 12 months.

The following table presents the effect of our derivative financial instruments and our share of our joint ventures' derivative financial instruments that are designated and qualify as hedging instruments on the consolidated statements of operations for the three months ended June 30, 2018 and 2017, respectively (in thousands):

	Amount of Gain (Loss) Recognized in Other Comprehensive Loss (Effective Portion)		Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized into Income (Ineffective Portion)	
	Three Months Ended June 30,			Three Months Ended June 30,			Three Months Ended June 30,	
Derivative	2018	2017		2018	2017		2018	2017
Interest Rate Swaps/Caps	$ 3,116	$ (2,036)	Interest expense	$ 76	$ (519)	Interest expense	$ (3)	$ —
Share of unconsolidated joint ventures' derivative instruments	1,092	(1,328)	Equity in net income from unconsolidated joint ventures	155	(292)	Equity in net income from unconsolidated joint ventures	(30)	34
	$ 4,208	$ (3,364)		$ 231	$ (811)		$ (33)	$ 34

The following table presents the effect of our derivative financial instruments and our share of our joint ventures' derivative financial instruments that are designated and qualify as hedging instruments on the consolidated statements of operations for the six months ended June 30, 2018 and 2017, respectively (in thousands):

Amount of Gain (Loss) Recognized in Other Comprehensive Loss (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized into Income (Ineffective Portion)
Six Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,

Derivative	2018	2017		2018	2017		2018	2017
Interest Rate Swaps/Caps	$ 10,398	$ (5,173)	Interest expense	$ (253)	$ (1,498)	Interest expense	$ (12)	$ (8)
Share of unconsolidated joint ventures' derivative instruments	4,405	(987)	Equity in net income from unconsolidated joint ventures	154	(691)	Equity in net income from unconsolidated joint ventures	(119)	(61)
	$ 14,803	$ (6,160)		$ (99)	$ (2,189)		$ (131)	$ (69)

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18. Commitments and Contingencies

Legal Proceedings

As of June 30, 2018, the Company and the Operating Partnership were not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against us or our portfolio which if adversely determined could have a material adverse impact on us.

Environmental Matters

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

Capital and Ground Leases Arrangements

The following is a schedule of future minimum lease payments under capital leases and non-cancellable operating leases with initial terms in excess of one year as of June 30, 2018 (in thousands):

	Capital lease	Non-cancellable operating leases
Remaining 2018	$5,324	$ 17,917
2019	10,826	35,943
2020	11,245	36,435
2021	11,635	36,751
2022	11,856	34,723
2023	12,083	32,548
Thereafter	1,391,127	1,008,718
Total minimum lease payments	$1,454,096	$ 1,203,035
Amount representing interest	(1,145,484)	
Amount classified within liabilities held for sale [1]	(265,391)	
Capital lease obligations	$43,221	

(1) Related to the ground lease at 2 Herald Square, which is under contract for sale of a joint venture interest and has been classified as held for sale as of June 30, 2018.

19. Segment Information

The Company has two reportable segments, real estate and debt and preferred equity investments. We evaluate real estate performance and allocate resources based on earnings contribution to income from continuing operations.

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

Selected consolidated results of operations for the three and six months ended June 30, 2018 and 2017, and selected asset information as of June 30, 2018 and December 31, 2017, regarding our operating segments are as follows (in thousands):

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	Real Estate Segment	Debt and Preferred Equity Segment	Total Company
Total revenues			
Three months ended:			
June 30, 2018	$251,843	$49,273	$301,116
June 30, 2017	337,528	60,622	398,150
Six months ended:			
June 30, 2018	508,248	94,563	602,811
June 30, 2017	674,610	100,921	775,531
Net income (loss) before equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price and other fair value adjustments, (loss) gain on sale of real estate net, depreciable real estate reserves, and gain on sale of marketable securities			
Three months ended:			
June 30, 2018	$13,239	$34,276	$47,515
June 30, 2017	(16,232)	52,045	35,813
Six months ended:			
June 30, 2018	27,263	67,701	94,964
June 30, 2017	(2,425)	89,558	87,133
Total assets			
As of:			
June 30, 2018	$11,249,972	$2,463,956	$13,713,928
December 31, 2017	11,631,700	2,351,204	13,982,904

Net income (loss) before equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price and other fair value adjustments, (loss) gain on sale of real estate net, depreciable real estate reserves, and gain on sale of marketable securities represents total revenues less total expenses for the real estate segment and total investment income less allocated interest expense for the debt and preferred equity segment. Interest costs for the debt and preferred equity segment includes actual costs incurred for borrowings on the 2016 MRA and 2017 MRA. Interest is imputed on the investments that do not collateralize the 2016 MRA or 2017 MRA using our corporate borrowing cost. We also allocate loan loss reserves, net of recoveries, and transaction related costs to the debt and preferred equity segment. We do not allocate marketing, general and administrative expenses to the debt and preferred equity segment since the use of personnel and resources is dependent on transaction volume between the two segments and varies period over period. In addition, we base performance on the individual segments prior to allocating marketing, general and administrative expenses. For the three and six months ended June 30, 2018, marketing, general and administrative expenses totaled $22.5 million, and $46.0 million, respectively. For the three and six months ended June 30, 2017, marketing, general and administrative expenses totaled $24.3 million, and $48.4 million, respectively. All other expenses, except interest, relate entirely to the real estate assets.
There were no transactions between the above two segments.

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The table below reconciles net income before equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price and other fair value adjustments, (loss) gain on sale of real estate, net, depreciable real estate reserves, and gain on sale of investment in marketable securities to net income for the three and six months ended June 30, 2018 and 2017 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss) before equity in net gain on sale of interest in unconsolidated joint venture/real estate, purchase price and other fair value adjustments, (loss) gain on sale of real estate net, depreciable real estate reserves, and gain on sale of marketable securities	$47,515	$35,813	$94,964	$87,133
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	72,025	13,089	65,585	15,136
Purchase price and other fair value adjustments	11,149	—	60,442	—
(Loss) gain on sale of real estate, net	(14,790)	(3,823)	8,731	(3,256)
Depreciable real estate reserves	—	(29,064)	—	(85,336)
Gain on sale of investment in marketable securities	—	—	—	3,262
Net income	$115,899	$16,015	$229,722	$16,939

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

Overview

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

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

The following discussion related to our consolidated financial statements should be read in conjunction with the financial statements appearing in this Quarterly Report on this Form 10-Q and in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2017.

As of June 30, 2018, we owned the following interests in properties in the New York metropolitan area, primarily in midtown Manhattan. Our investments located outside of Manhattan are referred to as the Suburban properties:

Location	Property Type	Consolidated Number of Properties		Consolidated Approximate Square Feet (unaudited)	Unconsolidated Number of Properties	Unconsolidated Approximate Square Feet (unaudited)	Total Number of Properties	Total Approximate Square Feet (unaudited)	Weighted Average Occupancy(1) (unaudited)	
Commercial:										
Manhattan	Office	21	(2)	12,756,091	10	11,491,164	31	24,247,255	94.1	%
	Retail	4	(3)	302,583	9	347,970	13	650,553	94.2	%
	Development/Redevelopment	8		318,985	3	416,214	11	735,199	43.9	%
	Fee Interest	—		—	1	—	1	—	—	%
		33		13,377,659	23	12,255,348	56	25,633,007	92.6	%
Suburban	Office	19	(4)	2,835,200	—	—	19	2,835,200	87.0	%
	Retail	1		52,000	—	—	1	52,000	100.0	%
	Development/Redevelopment	1		1,000	—	—	1	1,000	—	%
		21		2,888,200	—	—	21	2,888,200	87.2	%
Total commercial properties		54		16,265,859	23	12,255,348	77	28,521,207	92.1	%
Residential:										
Manhattan	Residential	3	(3)	472,105	10	2,156,751	13	2,628,856	90.0	%
Suburban	Residential	—		—	—	—	—	—	—	%
Total residential properties		3		472,105	10	2,156,751	13	2,628,856	90.0	%
Total portfolio		57		16,737,964	33	14,412,099	90	31,150,063	91.9	%

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

(2) Includes 2 Herald Square, which is under contract for sale of a joint venture interest and has been classified as held for sale as of June 30, 2018.

(3) As of June 30, 2018, we owned a building at 315 West 33rd Street, also known as The Olivia, that was comprised of approximately 270,132 square feet (unaudited) of retail space and approximately 222,855 square feet (unaudited) of residential space. For the purpose of this report, we have included this building in the number of retail properties we own. However, we have included only the retail square footage in the retail approximate square footage, and have listed the balance of the square footage as residential square footage.

(4) Includes the properties at 1-6 International Drive in Rye Brook, New York which are classified as held for sale at June 30, 2018.

As of June 30, 2018, we also managed an approximately 336,000 square foot (unaudited) office building owned by a third party and held debt and preferred equity investments with a book value of $2.4 billion, including $0.2 billion of debt and preferred equity investments and other financing receivables that are included in other balance sheet line items other than the Debt and Preferred Equity Investments line item.

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Critical Accounting Policies

Refer to the 2017 Annual Report on Form 10-K of the Company and the Operating Partnership for a discussion of our critical accounting policies, which include investment in commercial real estate properties, investment in unconsolidated joint ventures, revenue recognition, allowance for doubtful accounts, reserve for possible credit losses and derivative instruments. There have been no changes to these accounting policies during the three and six months ended June 30, 2018.

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Reconciliation of Net Income to Same-Store Operating Income

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

For properties owned since January 1, 2017 and still owned and operated at June 30, 2018, Same-Store Operating Income is determined as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
(in millions)	2018	2017	2018	2017
Net income	$115.9	$16.0	$229.7	$16.9
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	(72.0)	(13.1)	(65.6)	(15.1)
Purchase price and other fair value adjustments	(11.1)	—	(60.4)	—
Loss (gain) on sale of real estate, net	14.8	3.8	(8.7)	3.3
Depreciable real estate reserves	—	29.1	—	85.3
Gain on sale of investment in marketable securities	—	—	—	(3.3)
Depreciation and amortization	67.9	133.1	137.3	227.2
Interest expense, net of interest income	53.6	64.9	101.5	130.5
Amortization of deferred financing costs	3.5	3.4	7.1	8.2
Operating income	172.6	237.2	340.9	453.0
Less: Operating income from other properties/affiliates	(36.4)	(106.1)	(74.1)	(191.0)
Same-store operating income	$136.2	$131.1	$266.8	$262.0

Results of Operations

Comparison of the three months ended June 30, 2018 to the three months ended June 30, 2017

The following comparison for the three months ended June 30, 2018, or 2018, to the three months ended June 30, 2017, or 2017, makes reference to the effect of the following:

i. “Same-Store Properties,” which represents all operating properties owned by us at January 1, 2017 and still owned by us in the same manner at June 30, 2018 (Same-Store Properties totaled 46 of our 57 consolidated properties),

ii. “Acquisition Properties,” which represents all properties or interests in properties acquired in 2018 and 2017 and properties that are under development, redevelopment

iii. "Disposed Properties" which represents all properties sold as well as interests in properties sold or partially sold in 2018 and 2017, and

iv. “Other,” which represents properties that were partially sold resulting in deconsolidation and corporate level items not allocable to specific properties, as well as the Service Corporation and eEmerge Inc.

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(in millions)	Same-Store 2018	Same-Store 2017	$ Change	% Change	Disposed 2018	Disposed 2017	Other 2018	Other 2017	Consolidated 2018	Consolidated 2017	$ Change	% Change
Rental revenue	$207.8	$205.2	$ 2.6	1.3 %	$1.6	$13.9	$2.0	$60.3	$211.4	$279.4	$(68.0)	(24.3)%
Escalation and reimbursement	26.5	24.7	1.8	7.3 %	0.2	1.1	0.4	16.8	27.1	42.6	(15.5)	(36.4)%
Investment income	—	—	—	— %	—	—	49.3	60.6	49.3	60.6	(11.3)	(18.6)%
Other income	6.7	1.6	5.1	318.8%	0.5	0.1	6.2	13.8	13.4	15.5	(2.1)	(13.5)%
Total revenues	241.0	231.5	9.5	4.1 %	2.3	15.1	57.9	151.5	301.2	398.1	(96.9)	(24.3)%
Property operating expenses	104.5	100.4	4.1	4.1 %	0.5	6.1	5.4	33.5	110.4	140.0	(29.6)	(21.1)%
Transaction related costs	0.3	—	0.3	— %	—	—	—	—	0.3	—	0.3	100.0 %
Marketing, general and administrative	—	—	—	— %	—	—	22.5	24.3	22.5	24.3	(1.8)	(7.4)%
	104.8	100.4	4.4	4.4 %	0.5	6.1	27.9	57.8	133.2	164.3	(31.1)	(18.9)%
Operating income before equity in net income from unconsolidated joint ventures	$136.2	$131.1	$ 5.1	3.9 %	$1.8	$9.0	$30.0	$93.7	$168.0	$233.8	$(65.8)	(28.1)%
Other income (expenses):												
Interest expense and amortization of deferred financing costs, net of interest income									(57.2)	(68.3)	11.1	(16.3)%
Depreciation and amortization									(67.9)	(133.1)	65.2	(49.0)%
Equity in net income from unconsolidated joint ventures									4.7	3.4	1.3	38.2 %
Equity in net gain on sale of interest in unconsolidated joint venture/real estate									72.0	13.1	58.9	449.6 %
Purchase price and other fair value adjustments									11.1	—	11.1	100.0 %
(Loss) gain on sale of real estate, net									(14.8)	(3.8)	(11.0)	289.5 %
Depreciable real estate reserves									—	(29.1)	29.1	(100.0)%
Net income									$115.9	$16.0	$99.9	624.4 %

Rental, Escalation and Reimbursement Revenues

Rental revenues decreased primarily as a result of the partial sale and deconsolidation of 1515 Broadway and deconsolidation of 919 Third Avenue ($52.1 million), and the sale of 600 Lexington Avenue ($4.9 million). Escalation and reimbursement revenue decreased primarily as a result of the partial sale and deconsolidation of 1515 Broadway ($8.6 million), and the effect of the deconsolidation of 919 Third Avenue ($5.0 million), partially offset by higher recoveries at our Same-Store properties ($1.8 million).

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The following table presents a summary of the commenced leasing activity for the three months ended June 30, 2018 in our Manhattan and Suburban portfolio:

	Usable SF	Rentable SF	New Cash Rent (per rentable SF) (1)	Prev. Escalated Rent (per rentable SF) (2)	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Manhattan							
Space available at beginning of the period	1,432,655						
Acquired Vacancies	67,917						
Space which became available during the period (3)							
• Office	177,076						
• Storage	1,346						
	178,422						
Total space available	1,678,994						
Leased space commenced during the period:							
• Office (4)	238,558	265,003	$ 67.65	$ 61.82	$ 45.25	3.8	9.1
• Retail	2,392	2,392	$ 150.50	$ 278.67	$ 7.11	0.8	2.4
• Storage	225	225	$ 35.00	$ —	$ —	9.5	11.0
Total leased space commenced	241,175	267,620	$ 68.36	$ 63.75	$ 44.94	3.8	9.0
Total available space at end of period	1,437,819						
Early renewals							
• Office	128,801	140,531	$ 68.33	$ 64.46	$ 23.05	0.8	4.3
• Retail	5,173	5,414	$ 406.08	$ 446.98	$ —	—	5.5
Total early renewals	133,974	145,945	$ 80.86	$ 78.65	$ 23.05	0.7	11.8
Total commenced leases, including replaced previous vacancy							
• Office		405,534	$ 67.88	$ 62.87	$ 37.56	2.7	7.4
• Retail		7,806	$ 327.76	$ 403.04	$ 2.18	0.2	5.3
• Storage		225	$ 35.00	$ —	$ —	9.5	11.0
Total commenced leases		413,565	$ 72.77	$ 69.79	$ 36.87	2.7	7.4

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	Usable SF	Rentable SF	New Cash Rent (per rentable SF) (1)	Prev. Escalated Rent (per rentable SF) (2)	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Suburban							
Space available at beginning of period	690,722						
Sold vacancies	(246,811)						
Space which became available during the period(3)							
• Office	44,037						
• Retail	2,693						
• Storage	800						
	47,530						
Total space available	491,441						
Leased space commenced during the period:							
• Office(5)	49,410	48,428	$ 33.88	$ 37.50	$ 21.35	1.9	6.9
• Retail	771	771	$ 17.00	$ 17.00	$ —	—	5.0
• Storage	400	422	$ 12.63	$ 11.67	$ —	—	1.7
Total leased space commenced	50,581	49,621	$ 33.44	$ 36.86	$ 20.84	1.8	6.8
Total available space at end of the period	440,860						
Early renewals							
• Office	11,185	12,674	$ 36.77	$ 36.58	$ 9.42	12.9	4.8
Total early renewals	11,185	12,674	$ 36.77	$ 36.58	$ 9.42	12.9	4.8
Total commenced leases, including replaced previous vacancy							
• Office		61,102	$ 34.48	$ 37.26	$ 18.87	4.2	6.4
• Retail		771	$ 17.00	$ 17.00	$ —	—	5.0
• Storage		422	$ 12.63	$ 11.67	$ —	—	1.7
Total commenced leases		62,295	$ 34.12	$ 36.79	$ 18.51	4.1	6.4

(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 $69.39 per rentable square feet for 212,404 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was $68.97 per rentable square feet for 352,935 rentable square feet.
(5) Average starting office rent excluding new tenants replacing vacancies was $35.52 per rentable square feet for 35,552 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was $35.85 per rentable square feet for 48,226 rentable square feet.

Investment Income

For the three months ended June 30, 2018, investment income decreased primarily as a result of previously unrecognized income related to our preferred equity investment in 885 Third Avenue ($9.4 million) in the second quarter of 2017, partially offset by a larger weighted average book balance and an increase in the LIBOR benchmark rate. For the three months ended June 30, 2018, the weighted average debt and preferred equity investment balance outstanding and weighted average yield were $2.2 billion and 8.8%, respectively, compared to $2.1 billion and 9.4%, respectively, for the same period in 2017. As of June 30, 2018, the debt and preferred equity investments had a weighted average term to maturity of 1.9 years, excluding extension options.

Other Income

Other income decreased primarily due to net fees recognized in connection with the closing of the One Vanderbilt venture in the second quarter of 2017 ($10.3 million), partially offset by real estate tax refunds at our Same-Store Properties ($6.2 million) in the second quarter of 2018.

Property Operating Expenses

Property operating expenses decreased primarily due to the partial sale and deconsolidation of 1515 Broadway and deconsolidation of 919 Third Avenue ($26.1 million), partially offset by increased real estate taxes at our Same-Store Properties ($2.5 million).

Marketing, General and Administrative Expenses

Marketing, general and administrative expenses for the three months ended June 30, 2018 were $22.5 million, or 5.1% of total combined revenues, including our share of joint venture revenues, and an annualized 47 basis points of total combined assets, including our share of joint venture assets compared to $24.3 million, or 5.0% of total revenues including our share of joint venture revenues, and 52 basis points of total assets including our share of joint venture assets for 2017.

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

Interest expense and amortization of deferred financing costs, net of interest income, decreased primarily as a result of the partial sale and deconsolidation of 1515 Broadway ($9.1 million), the deconsolidation of 919 Third Avenue ($6.6 million) in the first quarter of 2018, and repayment of senior unsecured notes ($2.6 million), partially offset by a higher weighted average balance of the 2017 term loan facility ($3.9 million). The weighted average consolidated debt balance outstanding was $5.9 billion for the three months ended June 30, 2018, compared to $6.5 billion for the three months ended June 30, 2017. The consolidated weighted average interest rate was 4.07% for the three months ended June 30, 2018, as compared to 3.99% for the three months ended June 30, 2017.

Depreciation and Amortization

Depreciation and amortization decreased primarily as a result of 5-7 Dey Street and 183 & 187 Broadway which were moved to development ($45.5 million) in the first quarter of 2018, the deconsolidation of 919 Third Avenue and partial sale and deconsolidation of 1515 Broadway ($15.3 million), and the sale of 600 Lexington Avenue ($2.5 million).

Equity in Net Income in Unconsolidated Joint Ventures

Equity in net income from unconsolidated joint ventures increased primarily as a result of the partial sale and deconsolidation of 1515 Broadway ($2.3 million), partially offset by the repayment and redemption of certain debt and preferred equity positions accounted for under the equity method ($2.1 million).

Purchase price and other fair value adjustments

In May 2018, the Company was the successful bidder at the foreclosure of 2 Herald Square, at which time the Company's $250.5 million outstanding principal balance and $7.7 million accrued interest balance receivables were credited to our equity investment in the property. We recorded the assets acquired and liabilities assumed at fair value. This resulted in the recognition of a fair value adjustment of $11.1 million, which is reflected on the Company's consolidated statement of operations within purchase price and other fair value adjustments. This fair value was allocated to the assets and liabilities, including identified intangibles of the property.

Equity in Net Gain on Sale of Interest in Unconsolidated Joint Venture/Real Estate

During the three months ended June 30, 2018, we recognized a gain on sale related to our interests in 1745 Broadway ($52.0 million), 175-225 Third Avenue ($19.5 million), and Jericho Plaza ($0.1 million). During the three months ended June 30, 2017, we recognized a gain related to the sale in May 2014 of our ownership interest in 747 Madison Avenue ($13.0 million). The sale did not meet the criteria for sale accounting at that time and, therefore, remained on our consolidated financial statements.

(Loss) Gain on Sale of Real Estate, Net

During the three months ended June 30, 2018, we recognized a loss on sale related to our interest in 635 Madison ($14.1 million), and 115-117 Stevens Avenue ($0.7 million). During the three months ended June 30, 2017, we recognized a loss on the sale of 885 Third Avenue ($8.8 million) which closed in 2016, but was only recognized in the second quarter of 2017 due to the sale not meeting the criteria for sale accounting under the full accrual method in ASC 360-20 until the second quarter of 2017. This loss was partially offset by the gain on sale recognized in connection with the sale of 102 Greene Street ($4.9 million).

Depreciable Real Estate Reserves

During the three months ended June 30, 2017, we recognized depreciable real estate reserves related to 125 Chubb Avenue ($26.6 million), Stamford Towers ($2.1 million), and 520 White Plains Road ($0.4 million).

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Comparison of the six months ended June 30, 2018 to the six months ended June 30, 2017

The following comparison for the six months ended June 30, 2018, or 2018, to the six months ended June 30, 2017, or 2017, makes reference to the effect of the following:

i. “Same-Store Properties,” which represents all operating properties owned by us at January 1, 2016 and still owned by us in the same manner at June 30, 2018 (Same-Store Properties totaled 46 of our 57 consolidated operating properties),

ii. “Acquisition Properties,” which represents all properties or interests in properties acquired in 2018 and 2017 and all non-Same-Store Properties, including properties that are under development, redevelopment or were deconsolidated during the period,

iii. "Disposed Properties" which represents all properties or interests in properties sold or partially sold in 2018 and 2017, and

iv. “Other,” which represents properties that were partially sold resulting in deconsolidation and corporate level items not allocable to specific properties, as well as the Service Corporation and eEmerge Inc.

	Same-Store				Disposed		Other		Consolidated			
(in millions)	2018	2017	$ Change	% Change	2018	2017	2018	2017	2018	2017	$ Change	% Change
Rental revenue	$414.5	$412.3	$2.2	0.5 %	$4.0	$33.1	$8.2	$115.3	$426.7	$560.7	$(134.0)	(23.9)%
Escalation and reimbursement	53.3	50.5	2.8	5.5 %	0.3	2.6	(0.1)	33.7	53.5	86.8	(33.3)	(38.4)%
Investment income	—	—	—	— %	—	—	94.6	100.9	94.6	100.9	(6.3)	(6.2)%
Other income	10.6	2.6	8.0	307.7 %	0.5	0.3	17.0	24.2	28.1	27.1	1.0	3.7 %
Total revenues	478.4	465.4	13.0	2.8 %	4.8	36.0	119.7	274.1	602.9	775.5	(172.6)	(22.3)%
Property operating expenses	211.3	203.4	7.9	3.9 %	1.3	13.0	11.6	67.5	224.2	283.9	(59.7)	(21.0)%
Transaction related costs	0.3	—	0.3	— %	—	—	0.2	0.2	0.5	0.2	0.3	150.0 %
Marketing, general and administrative	—	—	—	— %	—	—	46.0	48.4	46.0	48.4	(2.4)	(5.0)%
	211.6	203.4	8.2	4.0 %	1.3	13.0	57.8	116.1	270.7	332.5	(61.8)	(18.6)%
Operating income before equity in net income from unconsolidated joint ventures	$266.8	$262.0	$4.8	1.8 %	$3.5	$23.0	$61.9	$158.0	$332.2	$443.0	$(110.8)	(25.0)%
Other income (expenses):												
Interest expense and amortization of deferred financing costs,									(108.6)	(138.7)	30.1	(21.7)%

net of interest income				
Depreciation and amortization	(137.3)	(227.2)	89.9	(39.6)%
Equity in net income from unconsolidated joint ventures	8.7	10.0	(1.3)	(13.0)%
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	65.6	15.1	50.5	334.4 %
Purchase price and other fair value adjustments	60.4	—	60.4	100.0 %
(Loss) gain on sale of real estate, net	8.7	(3.3)	12.0	(363.6)%
Depreciable real estate reserves	—	(85.3)	85.3	(100.0)%
Gain on sale of investment in marketable securities	—	3.3	(3.3)	(100.0)%
Net income	$229.7	$16.9	$212.8	1,259.2 %

Rental, Escalation and Reimbursement Revenues

Rental revenues decreased primarily as a result of the partial sale and deconsolidation of 1515 Broadway and the deconsolidation of 919 Third Avenue ($99.2 million), the sale of 600 Lexington Avenue ($9.4 million) and the sale of 16 Court Street ($6.6 million).

Escalation and reimbursement revenue decreased primarily as a result of the partial sale and deconsolidation of 1515 Broadway ($18.6 million), and the effect of the deconsolidation of 919 Third Avenue ($10.1 million), partially offset by higher recoveries at our Same-Store properties ($2.8 million).

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The following table presents a summary of the commenced leasing activity for the six months ended June 30, 2018 in our Manhattan and Suburban portfolio:

	Usable SF	Rentable SF	New Cash Rent (per rentable SF) (1)	Prev. Escalated Rent (per rentable SF) (2)	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Manhattan							
Space available at beginning of the period	1,502,238						
Property no longer in redevelopment	79,192						
Sold Vacancies	(28,347)						
Acquired Vacancies	67,917						
Property in redevelopment	(51,583)						
Space which became available during the period (3)							
• Office	452,370						
• Retail	133						
• Storage	2,892						
	455,395						
Total space available	2,024,812						
Leased space commenced during the period:							
• Office (4)	554,064	606,860	$ 67.79	$ 61.80	$64.66	6.2	9.5
• Retail	28,374	28,644	$ 78.08	$ 282.10	$180.30	10.5	13.6
• Storage	4,555	5,637	$ 31.43	$ 30.31	$—	0.4	5.1
Total leased space commenced	586,993	641,141	$ 67.93	$ 63.60	$69.26	6.3	9.6
Total available space at end of period	1,437,819						
Early renewals							
• Office	226,110	244,304	$ 78.57	$ 71.40	$48.97	4.2	7.5
• Retail	5,173	5,414	$ 406.08	$ 446.98	$—	—	6.5
Total early renewals	231,283	249,718	$ 85.67	$ 79.54	$47.90	4.1	7.5
Total commenced leases, including replaced previous vacancy							
• Office		851,164	$ 70.89	$ 65.17	$60.16	5.6	8.9
• Retail		34,058	$ 130.22	$ 377.78	$151.63	8.8	12.4
• Storage		5,637	$ 31.43	$ 30.31	$—	0.4	5.1
Total commenced leases		890,859	$ 72.91	$ 69.24	$63.27	5.7	9

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	Usable SF	Rentable SF	New Cash Rent (per rentable SF) (1)	Prev. Escalated Rent (per rentable SF) (2)	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Suburban							
Space available at beginning of period	655,672						
Sold vacancies	(246,811)						
Space which became available during the year (3)							
• Office	114,387						
• Retail	2,693						
• Storage	3,606						
	120,686						
Total space available	529,547						
Leased space commenced during the year:							
• Office (5)	86,611	85,006	$ 33.47	$ 35.86	$ 20.61	2.7	6.1
• Retail	771	771	$ 17.00	$ 17.00	$ —	—	5.0
• Storage	1,305	1,406	$ 14.09	$ 12.86	$ —	—	3.8
Total leased space commenced	88,687	87,183	$ 33.02	$ 35.19	$ 20.10	2.7	6.0
Total available space at end of the year	440,860						
Early renewals							
• Office	72,364	74,255	$ 33.23	$ 37.84	$ 26.29	11.3	7.5
Total early renewals	72,364	74,255	$ 33.23	$ 37.84	$ 26.29	11.3	7.5
Total commenced leases, including replaced previous vacancy							
• Office		159,261	$ 33.36	$ 37.03	$ 23.26	6.7	6.7
• Retail		771	$ 17.00	$ 17.00	$ —	—	5.0
• Storage		1,406	$ 14.09	$ 12.86	$ —	—	3.8
Total commenced leases		161,438	$ 33.11	$ 36.73	$ 22.95	6.6	6.7

(1) Annual initial base rent.

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

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

(4) Average starting office rent excluding new tenants replacing vacancies was $70.51 per rentable square feet for 695,147 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was $72.56 per rentable square feet for 156,017 rentable square feet.

(5) Average starting office rent excluding new tenants replacing vacancies was $34.90 per rentable square feet for 70,770 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was $32.13 per rentable square feet for 88,491 rentable square feet.

Investment Income

For the six months ended June 30, 2018, investment income decreased primarily as a result of previously unrecognized income in the second quarter of 2017 net with 2018 income related to our preferred equity investment in 885 Third Avenue ($6.9 million), partially offset by new originations and a larger weighted average book balance and an increase in the LIBOR benchmark rate. For the six months ended June 30, 2018, the weighted average debt and preferred equity investment balance outstanding and weighted average yield were $2.1 billion and 9.1%, respectively, compared to $1.9 billion and 9.4%, respectively, for the same period in 2017. As of June 30, 2018, the debt and preferred equity investments had a weighted average term to maturity of 1.9 years excluding extension options.

Other Income

Other income increased primarily as a result of real estate tax refunds at our Same-Store Properties ($6.2 million), lease termination income earned at 1185 Avenue of the Americas ($2.9 million), and promote income related to the sale of 1274 Fifth Avenue ($2.1 million), partially offset by net fees recognized in connection with the One Vanderbilt venture in 2017 ($10.3 million).

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Property Operating Expenses

Property operating expenses decreased primarily due to the partial sale and deconsolidation of 1515 Broadway and deconsolidation of 919 Third Avenue ($53.7 million), and the sale of 600 Lexington Avenue ($4.3 million) which was partially offset by increased real estate taxes at our Same-Store Properties ($4.7 million).

Marketing, General and Administrative Expenses

Marketing, general and administrative expenses for the six months ended June 30, 2018 were $46.0 million, or 5.2% of total combined revenues, including our share of joint venture revenues, and annualized 48 basis points of total combined assets, including our share of joint venture assets compared to $48.4 million, or 5.1% of total revenues including our share of joint venture revenues, and 52 basis points of total assets including our share of joint venture assets for 2017.

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

Interest expense and amortization of deferred financing costs, net of interest income, decreased primarily as a result of the partial sale and deconsolidation of 1515 Broadway ($18.1 million), the deconsolidation of 919 Third Avenue ($13.3 million) in the first quarter of 2018, and repayment of senior unsecured notes ($5.2 million), partially offset by a higher weighted average balance of the 2017 term loan facility ($7.2 million). The weighted average consolidated debt balance outstanding was $5.7 billion for the six months ended June 30, 2018, compared to $6.6 billion for the six months ended June 30, 2017. The consolidated weighted average interest rate was 4.03% for the six months ended June 30, 2018, as compared to 4.04% for the six months ended June 30, 2017.

Depreciation and Amortization

Depreciation and amortization decreased primarily as a result of 5-7 Dey Street and 183 & 187 Broadway which were moved to development ($50.1 million) in the first quarter of 2018, the deconsolidation of 919 Third Avenue and partial sale and deconsolidation of 1515 Broadway ($29.8 million), and the sale of 600 Lexington Avenue ($5.9 million).

Equity in Net Income in Unconsolidated Joint Venture

Equity in net income from unconsolidated joint ventures decreased primarily as a result the repayment and redemption of certain debt and preferred equity positions accounted for under the equity method ($2.3 million), partially offset by the partial sale and deconsolidation of 1515 Broadway ($2.3 million) in the first quarter of 2018.

Purchase price and other fair value adjustments

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

In May, 2018, the Company was the successful bidder at the foreclosure of 2 Herald Square, at which time the Company's $250.5 million outstanding principal balance and $7.7 million accrued interest balance receivables were credited to our equity investment in the property. We recorded the assets acquired and liabilities assumed at fair value. This resulted in the recognition of a fair value adjustment of $11.1 million, which is reflected on the Company's consolidated statement of operations within purchase price and other fair value adjustments. This fair value was allocated to the assets and liabilities, including identified intangibles of the property.

Equity in Net Gain on Sale of Interest in Unconsolidated Joint Ventures/Real Estate

During the six months ended June 30, 2018, we recognized a gain on sale related to our joint venture interests in 1745 Broadway ($52.0 million), 175-225 Third Avenue ($19.5 million), and Jericho Plaza ($0.1 million), and a loss on sale related to our deconsolidation of Stonehenge Village ($5.5 million). During the six months ended June 30, 2017, we recognized a gain related to the sale in May 2014 of our ownership interest in 747 Madison Avenue ($13.0 million), which did not meet the criteria for sale accounting at that time and, therefore, remained on our consolidated financial statements, and a gain on sale associated with the sale of part of our joint venture interest in the Stonehenge Portfolio ($0.9 million).

(Loss) Gain on Sale of Real Estate, Net

During the six months ended June 30, 2018, we recognized a gain on sale related to our interests in 600 Lexington ($23.8 million) and we recognized a loss on sale related to our interest in 635 Madison ($14.1 million), and 115-117 Stevens Avenue ($0.7 million). During the six months ended June 30, 2017, we recognized a loss on the sale of 885 Third Avenue ($8.8 million) which closed in 2016, but was only recognized in the second quarter of 2017 due to the sale not meeting the criteria for sale accounting under the full accrual method in ASC 360-20 until the second quarter of 2017. This loss was partially offset by a gain on sale associated with the sale of the property at 102 Greene Street ($4.9 million).

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Depreciable Real Estate Reserves

During the six months ended June 30, 2017, we recorded a $85.3 million charge related to 125 Chubb Avenue in Lyndhurst, NJ, Stamford Towers and 520 White Plains Road in Tarrytown, NY.

Liquidity and Capital Resources

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

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

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

The combined aggregate principal maturities of our property mortgages and other loans payable, corporate obligations and our share of joint venture debt, including as-of-right extension options, as of June 30, 2018 were as follows (in thousands):

	Remaining 2018	2019	2020	2021	2022	Thereafter	Total
Property mortgages and other loans	$ 19,097	$ 144,271	$ 702,997	$ 11,638	$ 207,985	$ 1,152,708	$ 2,238,696
Master Repurchase Agreement	—	—	300,000	—	—	—	300,000
Corporate obligations	250,000	—	250,000	—	800,000	2,060,000	3,360,000
Joint venture debt-our share	4,986	252,795	276,006	454,621	220,810	2,879,344	4,088,562
Total	$ 274,083	$ 397,066	$ 1,529,003	$ 466,259	$ 1,228,795	$ 6,092,052	$ 9,987,258

As of June 30, 2018, we had $315.8 million of consolidated cash on hand, inclusive of $28.6 million of marketable securities. We expect to generate positive cash flow from operations for the foreseeable future. We may seek to divest of properties or interests in properties or access private and public debt and equity capital when the opportunity presents itself, although there is no guarantee that this capital will be made available to us at efficient levels or at all. Management believes that these sources of liquidity, if we are able to access them, along with potential refinancing opportunities for secured debt, will allow us to satisfy our debt obligations, as described above, upon maturity, if not before.

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

Cash Flows

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

Cash, cash equivalents, and restricted cash were $380.0 million and $380.9 million at June 30, 2018 and 2017, respectively, representing a decrease of $0.9 million. The decrease was a result of the following changes in cash flows (in thousands):

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	Six Months Ended June 30,		
	2018	2017	Increase (Decrease)
Net cash provided by operating activities	$246,212	$310,850	$(64,638)
Net cash provided by (used in) investing activities	$268,064	$(237,587)	$505,651
Net cash used in financing activities	$(384,322)	$(62,306)	$(322,016)

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

Cash is used in investing activities to fund acquisitions, development or redevelopment projects and recurring and nonrecurring capital expenditures. We selectively invest in new projects that enable us to take advantage of our development, leasing, financing and property management skills and invest in existing buildings that meet our investment criteria. During the six months ended June 30, 2018, when compared to the six months ended June 30, 2017, the change in investing cash flows was due to the following activities (in thousands):

Acquisitions of real estate property	$(9,714)
Additions to land, buildings and improvements	68,685
Acquisition deposits and deferred purchase price	(1,520)
Investments in unconsolidated joint ventures	(161,123)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	85,204
Net proceeds from disposition of real estate/joint venture interest	699,087
Proceeds from sale or redemption of marketable securities	(54,363)
Other investments	(25,804)
Origination of debt and preferred equity investments	251,002
Repayments or redemption of debt and preferred equity investments	(345,803)
Increase in net cash provided by investing activities	$505,651

Funds spent on capital expenditures, which are comprised of building and tenant improvements, decreased from $165.3 million for the six months ended June 30, 2017 to $96.6 million for the six months ended June 30, 2018. The decrease in capital expenditures relates primarily to lower costs incurred in connection with the redevelopment of properties.

We generally fund our investment activity through the sale of real estate, property-level financing, our credit facilities, our MRA facilities, senior unsecured notes, convertible or exchangeable securities, and construction loans. From time to time, the Company may issue common or preferred stock, or the Operating Partnership may issue common or preferred units of limited partnership interest.

During the six months ended June 30, 2018, when compared to the six months ended June 30, 2017, we used cash for the following financing activities (in thousands):

Proceeds from mortgages and other loans payable	$(569,067)
Repayments of mortgages and other loans payable	670,379
Proceeds from revolving credit facility and senior unsecured notes	402,200
Repayments of revolving credit facility and senior unsecured notes	(279,303)
Proceeds from stock options exercised and DRIP issuance	(6,005)
Repurchase of common stock	(513,097)
Redemption of preferred stock	(225)
Distributions to noncontrolling interests in other partnerships	(115)
Contributions from noncontrolling interests in other partnerships	(31,181)
Distributions to noncontrolling interests in the Operating Partnership	(600)
Dividends paid on common and preferred stock	7,979
Other obligations related to loan participations	(10,003)
Tax withholdings related to restricted share awards	37
Deferred loan costs and capitalized lease obligation	6,985
Increase in net cash used by financing activities	$(322,016)

Capitalization

Our authorized capital stock consists of 260,000,000 shares, $0.01 par value per share, consisting of 160,000,000 shares of common stock, $0.01 par value per share, 75,000,000 shares of excess stock, at $0.01 par value per share, and 25,000,000 shares of preferred stock, $0.01 par value per share. As of June 30, 2018, 85,725,135 shares of common stock and no shares of excess stock were issued and outstanding.

Stock Repurchase Program

In August 2016, our Board of Directors approved a stock repurchase plan under which we can repurchase up to $1.0 billion of shares of our common stock. The Board of Directors has since authorized two separate $500.0 million increases to the size of the share repurchase program in the fourth quarter of 2017 and the second quarter of 2018 bringing the program total to $2.0 billion.

At June 30, 2018, repurchases executed under the plan were as follows:

Period	Shares repurchased	Average price paid per share	Cumulative number of shares repurchased as part of the repurchase plan or programs	Maximum approximate dollar value of shares that may yet be repurchased under the plan (in millions) (1)
2017	8,342,411	$101.64	8,342,411	$1,152.0
First quarter 2018	3,653,928	$97.07	11,996,339	$797.2
Second quarter 2018 (2)	3,479,552	$97.22	15,475,891	$458.9

(1) Reflective of $2.0 billion plan maximum as of June 30, 2018.

(2) Includes 101,421 shares of common stock repurchased by the Company in June 2018 that were settled in July 2018.

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Dividend Reinvestment and Stock Purchase Plan ("DRSPP")

The following table summarizes SL Green common stock issued, and proceeds received from dividend reinvestments and/or stock purchases under the DRSPP for the six months ended June 30, 2018 and 2017, respectively (dollars in thousands):

	Six Months Ended June 30,	
	2018	2017
Shares of common stock issued	674	1,036
Dividend reinvestments/stock purchases under the DRSPP	$64	$111

Fourth Amended and Restated 2005 Stock Option and Incentive Plan

The Fourth Amended and Restated 2005 Stock Option and Incentive Plan, or the 2005 Plan, was approved by the Company's board of directors in April 2016 and its stockholders in June 2016 at the Company's annual meeting of stockholders. Subject to adjustments upon certain corporate transactions or events, awards with respect to up to a maximum of 27,030,000 fungible units may be granted as options, restricted stock, phantom shares, dividend equivalent rights and other equity-based awards under the 2005 Plan. As of June 30, 2018, 7.4 million fungible units were available for issuance under the 2005 Plan after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units.

2014 Outperformance Plan

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

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

The cost of the 2014 Outperformance Plan ($27.9 million, subject to forfeitures), based on the portion of the 2014 Outperformance Plan granted prior to termination, was amortized into earnings through December 31, 2017. We recorded no compensation expense for the three and six months ended June 30, 2018, respectively, related to the 2014 Outperformance Plan. We recorded compensation expense of $4.3 million and $6.3 million for the three and six months ended June 30, 2017, respectively, related to the 2014 Outperformance Plan.

Deferred Compensation Plan for Directors

During the six months ended June 30, 2018, 11,502 phantom stock units and 9,332 shares of common stock were issued to our board of directors. We recorded compensation expense of $0.1 million and $2.1 million during the three and six months ended June 30, 2018 and 2017, respectively, related to the Deferred Compensation Plan.

As of June 30, 2018, there were 111,356 phantom stock units outstanding pursuant to our Non-Employee Director's Deferral Program.

Market Capitalization

At June 30, 2018, borrowings under our mortgages and other loans payable, 2017 credit facility, senior unsecured notes, trust preferred securities and our share of joint venture debt represented 50.9% of our combined market capitalization of $19.6 billion (based on a common stock price of $100.53 per share, the closing price of our common stock on the NYSE on June 30, 2018). Market capitalization includes our consolidated debt, common and preferred stock and the conversion of all units of limited partnership interest in the Operating Partnership, and our share of joint venture debt.

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Indebtedness

The table below summarizes our consolidated mortgages and other loans payable, 2017 credit facility, senior unsecured notes and trust preferred securities outstanding at June 30, 2018 and December 31, 2017, (amounts in thousands).

Debt Summary:	June 30, 2018		December 31, 2017	
Balance				
Fixed rate	$3,265,899		$3,805,165	
Variable rate—hedged	500,000		500,000	
Total fixed rate	3,765,899		4,305,165	
Total variable rate	2,137,000		1,605,431	
Total debt	$5,902,899		$5,910,596	
Debt, preferred equity, and other investments subject to variable rate	1,624,012		1,325,166	
Net exposure to variable rate debt	512,988		280,265	
Percent of Total Debt:				
Fixed rate	63.8	%	72.8	%
Variable rate	36.2	%	27.2	%
Total	100.0	%	100.0	%
Effective Interest Rate for the Year:				
Fixed rate	4.38	%	4.31	%
Variable rate	3.31	%	2.76	%
Effective interest rate	4.03	%	4.00	%

The variable rate debt shown above generally bears interest at an interest rate based on 30-day LIBOR (2.09% and 1.56% at June 30, 2018 and December 31, 2017, respectively). Our consolidated debt at June 30, 2018 had a weighted average term to maturity of 4.70 years.

Certain of our debt and equity investments and other investments, with a carrying value of $1.6 billion at June 30, 2018, are variable rate investments which mitigate our exposure to interest rate changes on our unhedged variable rate debt.

2017 Credit Facility

As of June 30, 2018, we had $11.8 million of outstanding letters of credit, $360.0 million drawn under the revolving credit facility and $1.5 billion outstanding under the term loan facilities, with total undrawn capacity of $1.1 billion under the 2017 credit facility. At June 30, 2018 and December 31, 2017, the revolving credit facility had a carrying value of $351.3 million and $30.3 million, respectively, net of deferred financing costs. At June 30, 2018 and December 31, 2017, the term loan facilities had a carrying value of $1.5 billion and $1.5 billion, respectively, net of deferred financing costs.

Restrictive Covenants

The terms of the 2017 credit facility and certain of our senior unsecured notes include certain restrictions and covenants which may limit, among other things, our ability to pay dividends, make certain types of investments, incur additional indebtedness, incur liens and enter into negative pledge agreements and dispose of assets, and which require compliance with financial ratios relating to the maximum ratio of total indebtedness to total asset value, a minimum ratio of EBITDA to fixed charges, a maximum ratio of secured indebtedness to total asset value and a maximum ratio of unsecured indebtedness to unencumbered asset value. The dividend restriction referred to above provides that, we will not during any time when a default is continuing, make distributions with respect to common stock or other equity interests, except to enable the Company to continue to qualify as a REIT for Federal income tax purposes. As of June 30, 2018 and December 31, 2017, we were in compliance with all such covenants.

Interest Rate Risk

We are exposed to changes in interest rates primarily from our variable rate debt. Our exposure to interest rate fluctuations are managed through either the use of interest rate derivative instruments and/or through our variable rate debt and preferred equity investments. A hypothetical 100 basis point increase in interest rates along the entire interest rate curve for 2018 would increase our consolidated annual interest cost, net of interest income from variable rate debt and preferred equity investments, by $4.9 million and would increase our share of joint venture annual interest cost by $14.9 million. At June 30, 2018, 73.7% of our $2.2 billion debt and preferred equity portfolio is indexed to LIBOR.

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

Our long-term debt of $3.8 billion bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. Our variable rate debt and variable rate joint venture debt as of June 30, 2018 bore interest based on a spread of LIBOR plus 100 basis points to LIBOR plus 350 basis points.

Contractual Obligations

Refer to our 2017 Annual Report on Form 10-K for a discussion of our contractual obligations. There have been no material changes, outside the ordinary course of business, to these contractual obligations during the three and six months ended June 30, 2018.

Off-Balance Sheet Arrangements

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

Capital Expenditures

We estimate that for the remainder of the year ending December 31, 2018, we expect to incur $114.7 million of recurring capital expenditures and $31.5 million of development or redevelopment expenditures, net of loan reserves, (including tenant improvements and leasing commissions) on existing consolidated properties, and our share of capital expenditures at our joint venture properties, net of loan reserves, will be $221.9 million. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs. We expect to fund these capital expenditures with operating cash flow, existing liquidity, or incremental borrowings. We expect our capital needs over the next twelve months and thereafter will be met through a combination of cash on hand, net cash provided by operations, potential asset sales, borrowings or additional equity or debt issuances.

Dividends/Distributions

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

To maintain our qualification as a REIT, we must pay annual dividends to our stockholders of at least 90% of our REIT taxable income, determined before taking into consideration the dividends paid deduction and net capital gains. We intend to continue to pay regular quarterly dividends to our stockholders. Based on our current annual dividend rate of $3.25 per share, we would pay $278.6 million in dividends to our common stockholders on an annual basis. Before we pay any dividend, whether for Federal income tax purposes or otherwise, which would only be paid out of available cash to the extent permitted under the 2012 credit facility and senior unsecured notes, we must first meet both our operating requirements and scheduled debt service on our mortgages and loans payable.

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Insurance

We maintain “all-risk” property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism, excluding nuclear, biological, chemical, and radiological terrorism ("NBCR")), within three property insurance programs and liability insurance. Separate property and liability coverage may be purchased on a stand-alone basis for certain assets, such as the development of One Vanderbilt. Additionally, our captive insurance company, Belmont Insurance Company, or Belmont, provides coverage for NBCR terrorist acts above a specified trigger, although if Belmont is required to pay a claim under our insurance policies, we would ultimately record the loss to the extent of Belmont's required payment. As of June 30, 2018, our second captive insurance company, Ticonderoga Insurance Company, or Ticonderoga, reinsures the NBCR risk that was retained by Belmont. However, there is no assurance that in the future we will be able to procure coverage at a reasonable cost. Further, if we experience losses that are uninsured or that exceed policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. Additionally, our debt instruments contain customary covenants requiring us to maintain insurance and we could default under debt our instruments if the cost and/or availability of certain types of insurance make it impractical or impossible to comply with such covenants relating to insurance. Belmont provides coverage solely on properties owned by the Company or its affiliates. Furthermore, with respect to certain of our properties, including properties held by joint ventures, or subject to triple net leases, insurance coverage is obtained by a third-party and we do not control the coverage. While we may have agreements with such third parties to maintain adequate coverage and we monitor these policies, such coverage ultimately may not be maintained or adequately cover our risk of loss.

Funds from Operations

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

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

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FFO for the three and six months ended June 30, 2018 and 2017 are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income attributable to SL Green common stockholders	$103,556	$8,222	$205,322	$19,573
Add:				
Depreciation and amortization	67,914	133,054	137,302	227,188
Joint venture depreciation and noncontrolling interest adjustments	47,308	25,086	95,314	49,419
Net income (loss) attributable to noncontrolling interests	5,759	1,205	11,229	(15,810)
Less:				
(Loss) gain on sale of real estate, net	(14,790)	(3,823)	8,731	(3,256)
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	72,025	13,089	65,585	15,136
Purchase price and other fair value adjustments	11,149	—	60,442	—
Depreciable real estate reserves	—	(29,064)	—	(85,336)
Depreciation on non-rental real estate assets	584	564	1,150	1,080
Funds from Operations attributable to SL Green common stockholders	$155,569	$186,801	$313,259	$352,746
Cash flows provided by operating activities	$151,666	$197,701	$246,212	$310,850
Cash flows (used in) provided by investing activities	$(187,938)	$(254,908)	$268,064	$(237,587)
Cash flows provided by (used in) financing activities	$37,987	$(101,119)	$(384,322)	$(62,306)

Inflation

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

Accounting Standards Updates

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

Forward-Looking Information

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

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

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

- the effect of general economic, business and financial conditions, and their effect on the New York City real estate market in particular;

- dependence upon certain geographic markets;

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

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

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

For quantitative and qualitative disclosure about market risk, see Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operation - Market Risk" in this Quarterly Report on Form 10-Q for the three and six months ended June 30, 2018 for the Company and the Operating Partnership and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Rate Risk" in the Annual Report on Form 10-K for the year ended December 31, 2017 for the Company and the Operating Partnership. Our exposures to market risk have not changed materially since December 31, 2017.

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ITEM 4. CONTROLS AND PROCEDURES

SL GREEN REALTY CORP.

Evaluation of Disclosure Controls and Procedures

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

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

Changes in Internal Control over Financial Reporting

There have been no significant changes in the Company's internal control over financial reporting during the quarter ended June 30, 2018 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

SL GREEN OPERATING PARTNERSHIP, L.P.

Evaluation of Disclosure Controls and Procedures

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

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

Changes in Internal Control over Financial Reporting

There have been no significant changes in the Operating Partnership's internal control over financial reporting during the quarter ended June 30, 2018 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As of June 30, 2018, the Company and the Operating Partnership were not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against us or our portfolio which if adversely determined could have a material adverse impact on us.

ITEM 1A. RISK FACTORS

As of June 30, 2018 there have been no material changes to the Risk Factors disclosed in "Part I. Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

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

During the three months ended June 30, 2018 the Operating Partnership issued no units of limited partnership interest in connection with an acquisition. SL Green may satisfy redemption requests for the units issued in the transaction described above with shares of SL Green’s common stock, on a one-for-one basis, pursuant to the Operating Partnership agreement. The units were issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended.

In August 2016, our Board of Directors approved a stock repurchase plan under which we can repurchase up to $1.0 billion of shares of our common stock. The Board of Directors has since authorized two separate $500.0 million increases to the size of the share repurchase program in the fourth quarter of 2017 and the second quarter of 2018 bringing the program total to $2.0 billion.

At June 30, 2018, repurchases executed under the plan were as follows:

Period	Shares repurchased	Average price paid per share	Total number of shares repurchased as part of the repurchase plan or programs	Maximum approximate dollar value of shares that may yet be repurchased under the plan (in millions)
2017	8,342,411	$101.64	8,342,411	$1,152.0
First quarter 2018	3,653,928	$97.07	11,996,339	$797.2
Second quarter 2018 (2)	3,479,552	$97.22	15,475,891	$458.9

(1) Reflective of $2.0 billion plan maximum as of June 30, 2018.

(2) Includes 101,421 shares of common stock repurchased by the Company in June 2018 that were settled in July 2018.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

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ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

31.1	Certification by the Chief Executive Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification by the Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.3	Certification by the Chief Executive Officer of the Company, the sole general partner of the Operating Partnership pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.4	Certification by the Chief Financial Officer of the Company, the sole general partner of the Operating Partnership pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1	Certification by the Chief Executive Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.2	Certification by the Chief Financial Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.3	Certification by the Chief Executive Officer of the Company, the sole general partner of the Operating Partnership pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.4	Certification by the Chief Financial Officer of the Company, the sole general partner of the Operating Partnership pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
101.10	The following financial statements from SL Green Realty Corp. and SL Green Operating Partnership L.P.'s Quarterly Report on Form 10-Q for the three months ended September 30, 2017, formatted in XBRL: (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Comprehensive Income (unaudited), (iv) Consolidated Statement of Equity (unaudited), (v) Consolidated Statement of Capital (unaudited) (vi) Consolidated Statements of Cash Flows (unaudited), and (vii) Notes to Consolidated Financial Statements (unaudited), detail tagged and filed herewith.

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SIGNATURES

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

		SL GREEN REALTY CORP.
		By: SL Green Realty Corp.
Dated: August 8, 2018	By:	/s/ Matthew J. DiLiberto Matthew J. DiLiberto Chief Financial Officer

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

Signatures	Title	Date
/s/ Stephen L. Green Stephen L. Green	Chairman of the Board of Directors of SL Green, the sole general partner of the Operating Partnership	August 8, 2018
/s/ Marc Holliday Marc Holliday	Chief Executive Officer and Director of SL Green, the sole general partner of the Operating Partnership (Principal Executive Officer)	August 8, 2018
/s/ Andrew W. Mathias Andrew W. Mathias	President and Director of SL Green, the sole general partner of the Operating Partnership	August 8, 2018
/s/ Matthew J. DiLiberto Matthew J. DiLiberto	Chief Financial Officer of SL Green, the sole general partner of the Operating Partnership (Principal Financial and Accounting Officer)	August 8, 2018
/s/ John H. Alschuler, Jr. John H. Alschuler, Jr.	Director of SL Green, the sole general partner of the Operating Partnership	August 8, 2018
/s/ Edwin T. Burton, III Edwin T. Burton, III	Director of SL Green, the sole general partner of the Operating Partnership	August 8, 2018
/s/ John S. Levy John S. Levy	Director of SL Green, the sole general partner of the Operating Partnership	August 8, 2018
/s/ Craig M. Hatkoff Craig M. Hatkoff	Director of SL Green, the sole general partner of the Operating Partnership	August 8, 2018

/s/ Betsy S. Atkins Betsy S. Atkins	Director of SL Green, the sole general partner of the Operating Partnership	August 8, 2018
/s/ Lauren B. Dillard Lauren B. Dillard	Director of SL Green, the sole general partner of the Operating Partnership	August 8, 2018

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SIGNATURES

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

	SL GREEN OPERATING PARTNERSHIP, L.P.
Dated: August 8, 2018	By: /s/ Matthew J. DiLiberto Matthew J. DiLiberto Chief Financial Officer