

A photograph of the New Summits building at dusk. The building is a modern skyscraper with a glass facade. A skybridge is visible, with people standing on it. The building is illuminated from within, and the sky is a deep blue. The background shows a cityscape with other buildings and lights.

SL Green Realty Corp. New Summits

2021 Annual Report

NEW YORK CITY IS BACK!



Financial Highlights (All data as of 12/31/21 unless otherwise noted)

YEARS LISTED >

24

ENTERPRISE VALUE >

\$15.3_B

PROPERTIES⁽¹⁾ >

73

TOTAL SQUARE FEET⁽¹⁾ >

34.9_M

FFO PER SHARE >

\$6.63

ANNUAL DIVIDEND PER SHARE >

\$3.73

COMBINED REVENUES >

\$1.4_B

MANHATTAN PROPERTIES WITH GREEN BUILDING DESIGNATION >

91.0%

TOTAL OFFICE TENANTS >

869

MANHATTAN SAME-STORE LEASED OCCUPANCY >

93.0%

(1) Includes interests in debt and preferred equity investments and suburban properties.



MARC HOLLIDAY
Chairman & Chief Executive Officer



ANDREW W. MATHIAS
President

Dear Shareholders,

There is an unmistakable energy building in New York. As the weather warms and we move beyond a difficult winter, the telltale signs of a city reemerging are everywhere. New York feels like itself again, buzzing with activity and optimism; a kineticism we haven't seen in a long while. New York City is once again showing its resiliency — as it has time and time again — proving the naysayers wrong and welcoming back residents, workers and tourists alike.

Pandemic restrictions have been all but eliminated, allowing for a return to normalcy at a much faster rate than most other international gateway cities. The streets are alive, signs of the recovery are everywhere, and New York is an event town again. Our much beloved Broadway shows are at over 80 percent capacity and selling 225,000 tickets per week, while the Yankees and Mets had their opening days in early April playing to sold out crowds. The allure of living in this extraordinary city is as strong as ever, as evidenced by New York City's apartment occupancy reaching over 98 percent and condominium sales transactions hitting record levels.

It is once again hard to get reservations at Midtown and Downtown restaurants, as residents flock back to their favorite eating spots, buoyed by an extension of alcohol-to-go policies, and tourists return to New York City in droves — making the City the number one domestic tourist destination for the first time since the pandemic started, according to TripAdvisor. NYC & Company has increased its forecasts, expecting nearly 57 million visitors to NYC in 2022, just 18 percent behind its prior peak, and is projecting a return to 2019 visitation levels in 2024.

And as tourism regains its footing, so too will New York's hotels, where occupancy has been climbing steadily, with three quarters of the city's available hotel rooms filled in the week that ended March 19. While still below 2019 levels, the total occupancies are expected to increase.

This momentum led CBRE to revise its forecasts for hotel RevPAR in 2022, predicting a return to 2019 levels by the third quarter of this year. New York is bustling again, and it's getting better every single day.

The biggest beneficiary of the City's reawakening is a resurgent Midtown, the part of Manhattan that we call home and where substantially all of our investments reside. After several years of growth occurring in other areas of Manhattan, that trend has reversed itself as Midtown has been reinvented with a series of transformative projects and new openings, highlighted by One Vanderbilt and Le Pavillon, and again is asserting its dominant position as THE place of choice for leading companies. Midtown leasing velocity in the first quarter totaled 5.2 million square feet, an increase of 35.8 percent from the first quarter of 2021.

With the monumental opening of SUMMIT One Vanderbilt last October, we now have, arguably, the greatest barometer of Midtown's resurgence at our disposal. SUMMIT opened to sellout crowds throughout most of the holiday season and took a modest dip over the winter as the combination of weather and Omicron impacted visitation. However, now with spring upon us, attendance is rebounding to holiday levels and we are thrilled with the global phenomenon that the SUMMIT has become.

Midtown's future is incredibly bright. The good news isn't just in the streets. It's in the boardrooms, on the trading floors and in the technology labs. Most segments of New York's business community are as busy as I can recall ever seeing, and many sectors are generating record profits in a highly charged business and consumer environment fanned by stimulus and spending. Finance and technology sectors, accounting and law firms, media, film and advertising companies, health care and life sciences — all these industries report being as busy as they've ever been, and that is driving a jobs recovery in New York.

Our confidence is also supported by good news on New York's private sector job growth,

which continues to trend in the right direction as businesses feel increasingly confident about the City coming back to life. Jobs in New York's private sector rose by 306,300 year-over-year in January 2022, and office-using jobs are following suit, with positive movement almost every single month since June 2020, notwithstanding a more flexible hybrid work model. The U.S. economy has now recovered more than 90 percent of the 22 million jobs lost at the peak of the pandemic's lockdowns in the spring of 2020, adding 431,000 jobs in March — a far swifter rebound than forecasters initially expected. As finance, tech, information and business services sectors grow, office-using employment will follow. With more than 8.3 million square feet of office space requirements currently circulating in the market, we expect 2022 to lead us to a full recovery by 2023, and inevitably, new highs will be achieved.

New York is also benefiting from its recent investments and incentives aimed at incubating emerging growth companies. Venture capitalists are establishing offices in New York to invest in the City's dynamic and flourishing start-up and early-stage tech companies. We have 103 unicorns — firms with more than \$1 billion of private market cap valuation — with cumulative valuations of \$243.5 billion. New York City is now tied for third place on Forbes' list of 100 global tech investors' preferred headquarters locations, right behind Silicon Valley and Menlo Park. And New York City is establishing itself as the location of choice for fintech and cryptocurrency companies.

We're thrilled to see that the growth in these industries is translating directly into leasing activity, with most of the major tenants in the market right now coming from the finance, tech, legal or business services sector. Of course, we're working hard to capture this activity, and the numbers reflect that we're getting more than our share.

The proof starts with our market-leading occupancy rates. We've always prided ourselves in outperforming the market in the daily battle for high-quality tenants. With over 4.0 million square feet of leasing in our office portfolio since the beginning of 2020, our occupancy of approximately 93 percent, which is already more than 10 percentage points higher than the overall Manhattan office market, is expected to rise in 2022, a goal we are committed to.

When you invest in SL Green, that's what you're getting — consistent outperformance, year after year, in good markets and bad.

In just the first 3.5 months of 2022, we signed nearly 900,000 square feet of leases, including the blockbuster announcement of IBM's 328,000-square-foot, long-term anchor lease at our transformative One Madison Avenue development. But even after all that activity, we still have an active pipeline of leases totaling another almost 1.0 million square feet, which we hope and expect to capitalize upon throughout the year. With One Vanderbilt Avenue now nearly

fully leased, the demand we are experiencing is not just for new space, but rather for highly improved, amenitized and well-located space that comprises the entirety of our portfolio.

We have worked incredibly hard over the past five years to transform our portfolio into the force that it is today, focused solely on the best buildings in the best locations, with all the attributes that tenants have come to demand — health and wellness, exceptional amenities, great location and high design. In 2021, we were rewarded for our efforts with a 27 percent TRS, the third highest of all publicly traded office REITs, and we hope to extend that performance in 2022.

Contributing to the City's momentum is new, engaged leadership at the State and City level, working together to help bring about positive change at a time when New York needed it most. Governor Kathy Hochul and Mayor Eric Adams have been relentless advocates for New York and its return to normal, lifting mask mandates and joining together to urge New Yorkers back to the office to support local businesses and restaurants that depend on in-office workers. Many of New York's major employers followed suit and are calling employees back to the office where business is done most effectively and efficiently — with face-to-face interactions, mentorship, advancement, and relationship-building — all in purpose-built environments that foster creativity, collaboration and congeniality.

Politics in New York can be very cyclical, especially when it comes to interactions with the business community. The current leadership has made clear that it wants to work with the private sector to create job opportunities, solve the affordable housing crisis, achieve environmental goals and drive economic growth to help fund education, infrastructure improvements and social initiatives.

Governor Hochul and Mayor Adams have brought an intense focus on criminal reform and public safety at a critical moment, and we share their vision for a safer, more sustainable and equitable city. They have signaled strong commitment for an economic recovery plan by pursuing an ambitious economic development agenda included within the State's \$220 billion budget and the City's nearly \$100 billion budget,



SUMMIT Experience at One Vanderbilt

each a record amount supported by federal stimulus dollars.

Throughout the pandemic, our belief in our City never vacillated — this is the City we love — but now there can be no question that New York is back!

PLAYING OUR PART IN NY'S COMEBACK

As always, we at SL Green are doing our part to support and accelerate New York's comeback, and 2021 was no exception.

We start by showing up, which in 2021 was a major statement. Our team has been 100 percent in the office, 5 days a week, since the State allowed it in June 2020. That's critical to our success and the milestones we achieved last year.

In May, we opened Daniel Boulud's Le Pavillon at One Vanderbilt, signaling the return of New York's restaurant scene. We knew the demand was there, but we've been blown away by the reaction — every dinner table has been taken since opening, with long wait lists. The restaurant is now open for lunch, and we are doing great business during the days too, even though the Midtown workforce is not yet fully back.

In October, we upped the ante, celebrating the launch of SUMMIT One Vanderbilt, an immersive experience unlike anything else in the world. This was another major milestone for New York, with then Mayor-elect Eric Adams joining us to cut the ribbon, signaling to domestic and global tourists alike that the city is open for entertainment, and new and exciting things can come out of the most trying of circumstances.

SUMMIT is already an enormous global success, one of the most photographed locations in all of New York and the hottest new spot to propose marriage! We've been catering to crowds well in excess of our ramp-up expectations, with many days completely sold out — notwithstanding we are not yet back to full tourism levels — further proof that people from around the country and world want to be here.

We also continued to give back to the community, especially the first responders who helped the City through the pandemic. We closed the year at Le Pavillon with the second annual gala for the Food1st Foundation, which raised more than \$750,000 at this one event. We created the Food1st Foundation with Daniel Boulud at the start of the pandemic to support struggling restaurants and feed frontline workers and New Yorkers in need. These challenges still exist and we are proud to have delivered more than 700,000 meals to date, with an expectation that we will exceed 1 million total meals by the end of 2022.

And over the summer Matt DiLiberto and I — and the entire SL Green team — were honored by the FDNY Foundation, helping to raise a record-breaking \$4.2 million. We count on the FDNY not just to protect lives and property in the city — they are a vital partner to us every day, especially

on major construction projects — and we were thrilled to help support their good work.

LOOKING AHEAD

This year more than ever we're ready to look forward, to move beyond the challenges of the pandemic and to embrace the exciting new expectations that tenants and their employees now have about the future of work.

Deliver on Amenity and Experience

Our belief in the future of office is stronger than ever, but we know that success requires constant reinvention and creative response to an ever-changing market. To that end, we believe that one lasting impact of the pandemic is the ongoing rapid transformation in work culture that began a decade ago: a heightened desire for healthy, amenitized, hospitality-focused work environments.

Five to ten years ago, amenities were seen as merely supplemental to the workplace. Approximately five years ago, we began seeing a shift towards a greater incorporation of amenities into the workplace as companies recognized this as a way to both optimize business and recruit and retain talent. Now, within the last two years as a result of the pandemic, amenities have become a driver of business as top performing organizations recognize the value of the workplace as a destination for their people — a place that merges the best of residential, hospitality, and traditional office features into a contemporary, agile model that fosters culture and community.

SL Green has embraced this trend over the past several years through a combination of curated retail leasing and the creation of best-in-class amenity spaces within most of our larger properties. Examples include the 10,000-square-foot Park House amenity lounge at 100 Park Avenue, which features an upscale cafe with fireplace, meeting rooms for up to 70 people, private fitness training room, golf simulator, pool table and executive shower rooms. Graybar 19 is a spectacular new 18,000-square-foot conference center at the Graybar Building with an outdoor terrace and coffee bar that can accommodate everything from small meetings to 30-person training sessions or 20-person boardroom meetings. Our retail leasing strategy focuses on an inclusion of uses valued by our office tenants such as small cafes, both upscale and fast casual dining, fitness centers and concierge-style medical practices. The scope and type of amenities serving our buildings is a carefully considered combination dependent upon a particular building's size, location and tenant profile.

The platinum standard is One Vanderbilt Avenue, where experience, hospitality and amenity are infused into every aspect of the building. That starts with our world-class Vandy Club on the building's third floor — featuring La Terrace, which is a club-style lounge, complemented with a beautifully landscaped outdoor terrace overlooking Grand Central Terminal, bistro

managed by chef Daniel Boulud together with two executive travel shower rooms and a state-of-the-art conference facility with 140-seat auditorium, 40-seat boardroom and 30-seat training room. The tenant experience starts with a warm greeting from our lobby staff and extends throughout the entire building, which is why we have invested in Daniel Boulud's Le Pavillon fine dining restaurant and a soon-to-open upscale omakase sushi bar. Member-only primary care medicine is provided by One Medical and the highly acclaimed SUMMIT One Vanderbilt is at the top of the building. One Vanderbilt is truly a destination, and every bit of it is a value-add for tenants.

We are incorporating the same comprehensive approach to our newest development One Madison Avenue, where amenities will include a hotel-style lounge, new artisanal food market, a spectacular 10,000-square-foot rooftop garden and event space and a great restaurant. A recent lease with Chelsea Piers Fitness brings a best-in-class 56,000-square-foot fitness club to the building. Additional retail leasing is expected to include additional exciting food and beverage offerings.

Other ongoing building redevelopments include 750 Third Avenue, where our plan features a tenant-only bar and lounge with direct connection to the building lobby and a lower-level conference center providing space for both boardroom and 120-seat auditorium meetings. 885 Third Avenue's new lobby will include a European-style coffee bar operated by Chef Boulud and a spa-quality fitness center available only to building tenants. Similarly, the new lobby at 919 Third Avenue was designed in a warm, hospitality style and is anchored with an upscale coffee bar with seating that flows into both the lobby and outdoor plaza areas.

Additionally, we've taken our approach toward amenities one step further by creating a dedicated hospitality team recruited from the four-star hotel and restaurant industries. This team of hospitality professionals oversees the management of all amenity offerings and provides a concierge level of service helping our tenants with all the details necessary to maximize every experience.

Focus on Development and Redevelopment

With the enhanced focus on amenity and experience comes a premium on new development and redevelopment of well-located assets. We will continue to transition our portfolio toward new development, building on the success of One Vanderbilt and One Madison. The flight to quality we've seen this year is just beginning, as tenants are willing to pay a premium for the newest and best office space. Ultimately, as the pandemic evolves, we want our portfolio and business to be able to both withstand, and capitalize on, all market conditions.

There's no better proof of concept of our strategy than the massive success of One Vanderbilt, which is fully stabilized and already nearly



Global technology leader IBM signs 328,000-square-foot, 16-year lease at One Madison

97 percent leased. The awards are rolling in — ULI Excellence in Development award, *Commercial Observer's* Smart Building of the year — a total of 25 awards won already, with more to come. The 10-year, fixed-rate \$3 billion financing we closed last summer was headline news and repatriated all of our equity.

Over the course of the past year, we launched several active development and redevelopment projects. On the development side, buildings such as One Madison, 760 Madison, 7 Dey, and 15 Beekman center around modern and luxurious design, curated amenities, and outdoor space offerings among other core considerations, resulting in exceptional performance. Since launching last year, SL Green's new residential development, 7 Dey, has seen more than 90 percent of market rate units leased, 133 leases executed, and completed a total of 710 leasing tours.

On the redevelopment end, 919 Third Avenue, 750 Third Avenue, 885 Third Avenue are all being repositioned to include new lobbies, modern amenities and healthy workplace improvements that will make them among the best buildings on 3rd Avenue and meet the tenant demand for amenity and healthy workplace convergence.

Increase Asset Management Opportunities

SL Green's multipronged approach to asset management involves transitioning towards an "asset-light" business model to help drive a higher return on capital, with a new focus on smaller equity positions with more favorable returns and upside.

As we witness a significant demand for best-in-class New York City real estate and premier sponsorship, SL Green has strategically capitalized on the global institutional demand for these assets and the SL Green platform. As such, SL Green has grown its institutional partnerships from around the globe to encompass North America, Europe, Asia, and the Middle East.

Another strategic play for us is finding more opportunities to bring our extraordinary team and

integrated platform into investment situations where we can earn significant fees and returns by investing alongside large, majority-owner institutional accounts. In the past you've seen us typically take equity stakes from 50 to 100 percent of a project; now we'll be looking for more opportunities where we invest anywhere between 15 to 30 percent of the equity, while maintaining joint governance and overseeing leasing and management, so that we can execute on projects to the benefit of our shareholders and investment partners. We think this is a better, less capital-intensive model that allows every dollar invested to provide larger relative returns, while further diversifying our asset base and freeing up capital for development pipeline, new investments, debt repayment and share repurchases.

We continue to be active buyers in the marketplace, focusing on high-quality assets that are superbly located in the heart of the City. To that end, in the second quarter of 2022, we announced the acquisition of 450 Park Avenue. Located at the highly coveted corner of 57th Street and Park Avenue, the 337,000-square-foot Class A asset is a prime example of our investment thesis at work. We expect significant interest not only from tenants, but also partners who will capitalize this deal with us as we grow our investment management platform.

Diversify Our Platform

This past year, SL Green continued to diversify our platform with the successful opening of SUMMIT One Vanderbilt in fall 2021. SUMMIT One Vanderbilt set out to reimagine New York City during a particularly vulnerable period for the City, and in record time delivered on creating a truly unique destination for New Yorkers and welcomed back visitors from around the world. In just 149 days of operation, SUMMIT One Vanderbilt generated over 550,000 total visitors from 57 countries around the globe, quickly becoming the hottest new attraction in New York City — within the most competitive landscape for entertainment attractions.

The success of SUMMIT builds on our experience partnering with Chef Daniel Boulud at One Vanderbilt. Le Pavillon's nature-oriented design brings a peaceful oasis to the bustling Midtown area, and has contributed to the diversification of One Vanderbilt as a cultural landmark. Since then, Le Pavillon has achieved a 4-star rating from Forbes Travel Guide and has been named the most important new restaurant in New York history by the *New York Post*.

Moving forward, to keep improving and strengthening our balance sheet, we will continue to be creative in unearthing value from our assets. SUMMIT is a perfect example of amplifying an already world-class building to be even more attractive to investors and visitors alike. We see a similar opportunity in the potential to bring a new casino to Times Square. This is a tremendous opportunity to develop and operate a destination and entertainment venue anticipated to generate billions of dollars in revenue to the State and the City. The recently enacted State budget provides for up to three casino gaming licenses to be issued downstate in 2022, and we intend to compete for one of them. A casino in Times Square will generate substantial tax revenues for the State and City, create thousands of good paying jobs, bring incremental tourism to Manhattan, and benefit surrounding Times Square restaurants, hotels, retail and Broadway.

Lead the Way on ESG

The core principles of ESG — environmental, social and corporate governance — have always been integral to SL Green's business model. As ESG has become an increasing focus of our shareholders, investment partners and government leaders, SL Green has reasserted its place as a leader at the forefront of these critical issues. I am committed to maintaining and growing our leadership role in this area, and our entire team is focused on applying these principles to impact every part of our business: assets, tenants, community, employees, risk management and governance.

SL Green has garnered industry recognition for our market-leading achievement and workplace



Second annual Food1st Gala featuring Dr. Elvis Francois: The Singing Surgeon

culture and strives to maintain our position as a model of corporate citizenship. We were proud to be certified as a "Great Place to Work" last month, recognizing the unique commitment of our team and the special collaboration and partnership that exists at the Company.

Our award-winning sustainability initiatives help minimize environmental impact, increase resiliency, engage with the local community, and create long-term value across our industry-leading portfolio. Our recently announced partnership with IBM, our new anchor tenant at One Madison, centers around its innovative Envizi technology platform. Envizi will allow us to better track and further streamline the environmental performance of our portfolio, helping to better identify efficiency opportunities and assess sustainability risk.

On the governance front, we are committed to transparent disclosure with stakeholders and ensuring we achieve our collective vision of model corporate citizenship. We were thrilled to welcome Carol Brown, a long-tenured real estate law professor, as an Independent Director on our Board of Directors in March and will continue to bring new expertise and experience to our leadership.

Realize Embedded Value

We were leaders in 2020 in making the market for investments in Manhattan commercial assets, and we picked up right where we left off in 2021.

Our seven major office sales in 2021 — ranging from bringing on new JV partners at One Madison to complete divestment of assets like 590 5th Avenue and 707 11th Avenue — showed that the demand for well-located office and retail space remains strong.

We expect to be active again in 2022, with opportunities to derive value from 110 Greene Street, 609 5th Avenue, 100 Church Street and others as the investment market remains strong and will provide us with the capital needed to take on exciting new investments and continue to invest in debt reduction and our share buyback program.

Invest in Ourselves

Finally, as has been the case for the past several years, we intend to continue investing in the best value we see in the market — our own stock.

Looking at our portfolio today, we are lean, strong and highly concentrated on core, prime assets. Over the past several years we've reduced or dramatically eliminated ancillary business lines, selling off our suburban portfolio, minimizing our retail and residential portfolios, and trimming back our DPE book. Our core office portfolio remains a similar size, but we've replaced smaller, non-core assets with a small number of bigger, higher quality properties. And new development is now a much bigger component of our portfolio and will only grow as One Madison moves toward completion.

Looking back to 2018 the shift is stark and impressive. At that time, we had 110 properties and about 50 million feet owned or as collateral interest, spread across 5 different business lines. And we said to you, our shareholders, that we were going to get lean, get focused and simplify. That's exactly what we did. We disposed of everything that wasn't a core asset — we now have a single new residential development, one suburban property and a retail portfolio focused exclusively on high-quality, high street assets.

Our Manhattan office portfolio is almost the same size as it was in 2018, but with fewer properties, meaning that One Vanderbilt and One Madison represent a very big part of this portfolio, along with other truly premium properties like 11 Madison and 280 Park, so we're imposing our resources, time and money on fewer, bigger core buildings. Our portfolio today is the best portfolio SL Green has ever had going into a new year.

We haven't just improved the portfolio, we've shrunk the share base through stock buyback, so we own more of these better properties than ever before. And so long as our stock remains the best value in the market, we intend to continue with our buyback program, with the goal of completing more than \$250 million in additional repurchases in 2022.

CLOSING

The last two years have been volatile and challenging as together we confronted the many impacts of the pandemic. As New York City proves its resilience and comes roaring back to normal this year, we are proud that SL Green has been a true corporate, civic and community leader throughout. Our dedication to our shareholders, tenants, employees and our City is absolute, and the result is a Company that not only weathered the storm but is stronger than ever.

This year we have already made enormous progress on our goals, with the signing of the IBM anchor lease at One Madison, over 550,000 square feet of additional leases signed across our portfolio, the acquisition of another ideally located Midtown asset at 450 Park Avenue, new asset management and investor relationships established, the expansion of our Board and 7 Dey already surpassing the 90 percent leased threshold for market rate units.

On behalf of the entire leadership team at SL Green, thank you for being our partners in 2021 as we again demonstrated our commitment of the Company to our shareholders and New York City. With New York City returning to its world-leading form, 2022 promises to be another very big year for SL Green.

Marc Holliday
Chairman & Chief Executive Officer

**“We are back to being
this exciting place
we call New York.”**

— Eric Adams, *Mayor of New York City*





New York City Trends

TOURISM >



56.4
MILLION
tourists expected in 2022.

BROADWAY >



New York City is alive, buzzing and illuminated **with 4 million theatergoers since last fall.**

ECONOMY >

NEW YORK CITY WILL
REBUILD
RENEW &
REINVENT

"New York City's recovery cannot and will not be about going back to the way things were — we are going to rebuild, renew, and reinvent our city and our economy for today, tomorrow, and generations to come." — Mayor Adams.

"Thirty-five theaters full with an occupancy of over

80%

of the seats. We're back." — Charlotte St. Martin,
President of the Broadway League.

TRAVEL >

During the 2021 holiday season,

NEW YORK CITY WAS THE NO. 1
DESTINATION FOR U.S. TOURISTS



SPORTS & ENTERTAINMENT >

The World's Most Famous Arena is hosting countless headliners in 2022 — **from Elton John to Andrea Bocelli and Billie Eilish**, to name a few! Live music is back to packed audiences! Additionally, MSG welcomes back sporting events including full schedules for hometown teams the **NY Rangers** and **NY Knicks**.

RESTAURANTS >

To celebrate New York's bustling dining industry, the 30th Anniversary of NYC Restaurant Week will start in July 2022.



HOLIDAY PARADES >

Spectators returned to the streets of Manhattan for the 95th annual Macy's Thanksgiving Day Parade.



> New York City Trends

HOUSING >



2021 saw young people flock back to the city. Neighborhoods like Murray Hill saw a 122% increase in demand for move-in related tasks, while the East Village saw a soaring 192% increase, according to TaskRabbit.

HOTELS >

2021-2022 YTD:

29

NEW HOTELS OPENED

54

NEW HOTELS IN ACTIVE PIPELINE



With the opening of new hotels like Aman on Fifth Avenue and the Ritz Carlton in NoMad, it is expected that

9,000 new hotel rooms

will be coming online in 2022.

EVENTS >

Full speed ahead! The New York City Marathon returned for its 50th anniversary:



30K
RUNNERS IN 2021



TRANSPORTATION >

\$1.2T bipartisan infrastructure plan boosts several New York City projects:

\$465m

NYC Airports



\$13.5B

Roads & Highways/
Bridge Repairs



\$9.8B

For Clean Buses
& Mass Transit



\$58B

Rail Improvements, Including
Northeast Corridor



EMPLOYMENT >

New York City has regained **79%** of office-using jobs lost during the pandemic.

TECH >

Tech continues to increase on space requirements post-Covid —

Meta

Farley lease
3.3M Total SF

Microsoft

122 Fifth lease
400K Total SF

Google

St. John's Terminal purchase
4.9M Total SF

amazon

Lord & Taylor
purchase
1.8M Total SF



11 Penn Plaza lease
400K Total SF

New York is now home to **103 unicorns*** with cumulative valuation of **\$234.5 billion**

*Unicorn is a term used in the venture capital industry to describe a privately held start-up company with a value of over \$1 billion.

SL Green — *Doing Our Part*

FOOD1ST BOWERY MISSION THANKSGIVING >



FOOD 1ST — DONATION INITIATIVE >

"At a time when New York City's food system is challenged, we feel an obligation to act. Our contributions will provide access to fresh meals for our city's first responders. Together with SL Green, we can help our community endure the difficulties we've all been faced with," said Daniel Boulud.

705,000+
MEALS DONATED

NYCHA — STRAUS HOUSES >



400+
RESTAURANT JOBS SUPPORTED

35+
KITCHENS ACTIVATED

SOUTH BRONX THANKSGIVING FOOD DISTRIBUTION >



200+
LOCATIONS SERVED

FOOD1ST GALA >



\$6M

RAISED



PAID VOLUNTEER DAY >

We empower our employees to volunteer their time at organizations that align with their personal values.



FDNY FOUNDATION >

In September, our Chairman & CEO and our CFO each received Humanitarian Awards at the FDNY Foundation's annual gala.



CITY HARVEST >



Throughout the month of June 2021, 700 pounds of food were collected during donation drives held in our lobbies. This food was donated to City Harvest to aid in their community food programs.

LE PAVILLON BY CHEF DANIEL BOULUD >



In the heart of Midtown, a culinary oasis awaits all New Yorkers. Daniel Boulud's Le Pavillon is New York's hottest new restaurant, the gathering spot for power lunches, special dinners and drinks overlooking Grand Central Terminal and the Chrysler Building.

10,212

BOTTLES OF WINE SOLD

650+

ANNIVERSARY CELEBRATIONS

5,420

OYSTERS SERVED

10,000

POUNDS OF BLACK OLIVE TREES INSIDE

100+

TABLES PER NIGHT WAITLIST

★ ★ ★ ★

FORBES TRAVEL GUIDE

1,000+

BIRTHDAY CELEBRATIONS

COMING SOON TO ONE VANDERBILT >



A hidden sushi dining experience nestled in Grand Central Terminal.



Inspiring awe more than 1,200 feet above Madison Avenue, SUMMIT One Vanderbilt is New York's newest and most transformational cultural destination. Unlike any other experience in the world, SUMMIT has drawn sellout crowds day and night to a multi-level experience featuring New York's most stunning views, unique thrills and a multisensory art installation.

>550k
TOTAL VISITORS

105
WEDDING PROPOSALS

57
COUNTRIES WITH TICKET PURCHASERS

~400
MILES TRAVELED IN ASCENT*

*Equivalent to the distance from Manhattan to North Carolina.



“THIS IS A FLOATING GLASS & MIRROR CASTLE OF WONDER

Everything is curated perfectly.
— Chris N., TripAdvisor



Looking Ahead

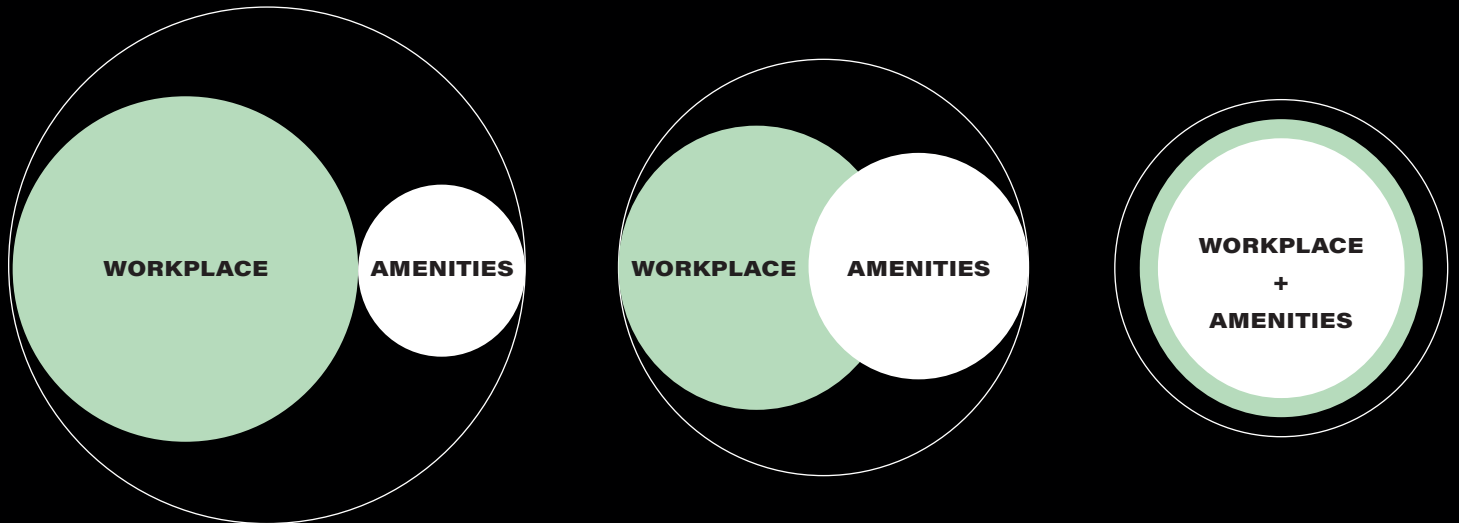
Evolving Office Spaces

EVOLVING DESIGN OF AMENITIES >

5-10 YEARS AGO
Supplementing Business

2-5 YEARS AGO
Optimizing Business

<2 YEARS-CURRENT
Driving Business



(Source: Gensler)

EVOLVING DESIGN OF OFFICE SPACE >

Neighborhood Hub

Collaboration Nooks

Breakout Spaces

Outdoor Meeting Space

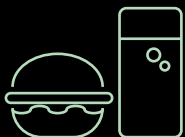
Wellness Studio

Indoor/Outdoor Footpath

(Source: Gensler)

SLG BUILDING AMENITIES >

- Curated amenity spaces based on building size, location and tenant profile
- Strategic lease-up of retail space to support office tenants
- Dedicated hospitality team recruited from the hotel and restaurant industries



Food & Beverage



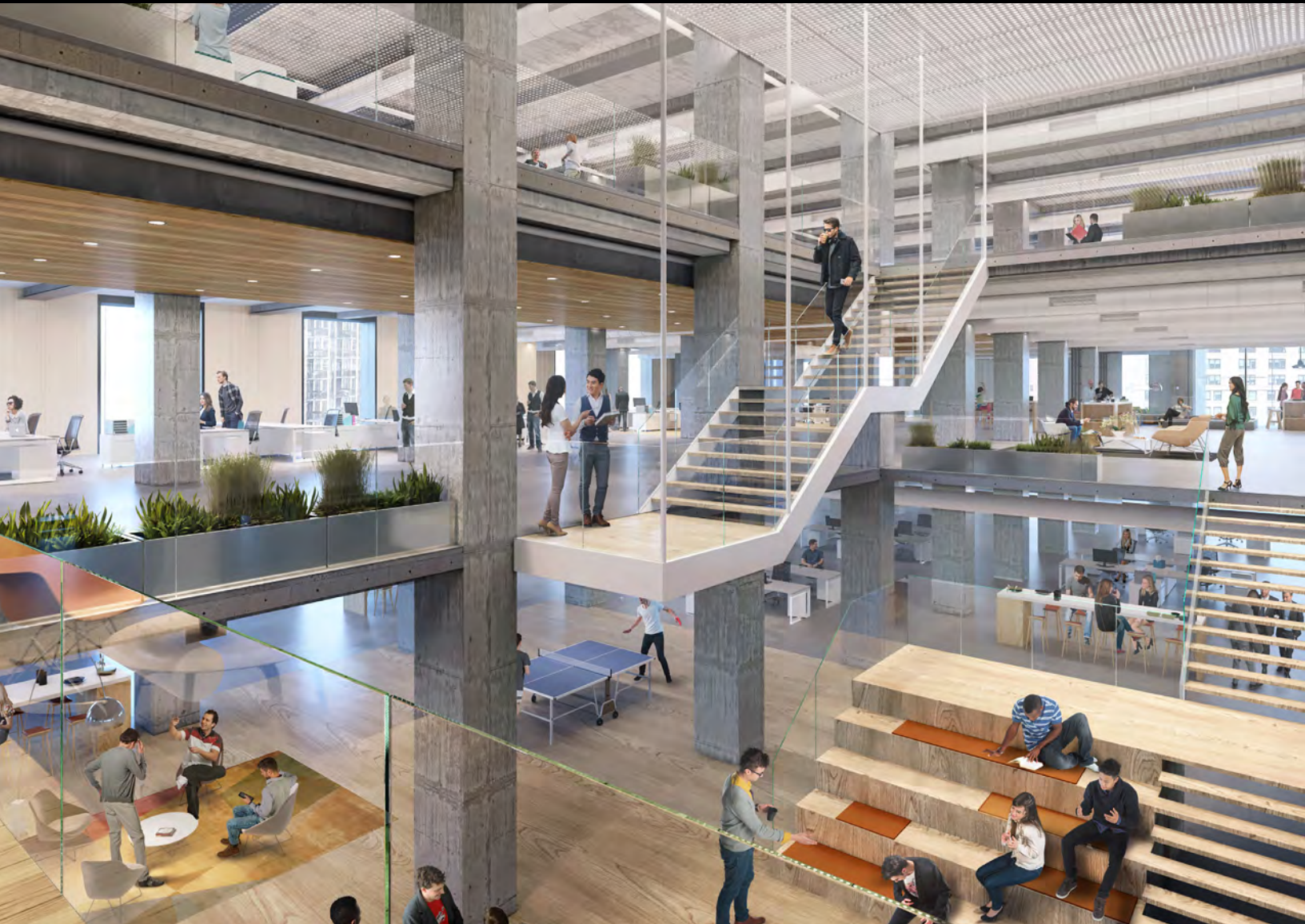
Meeting Spaces



Social Spaces



Health & Wellness



One Madison brings life to your work

Attracting and retaining top talent means providing them with a quality of life they can't find anywhere else. In addition to the vibrant neighborhood, One Madison delivers a full complement of amenities that set this building apart from the rest.

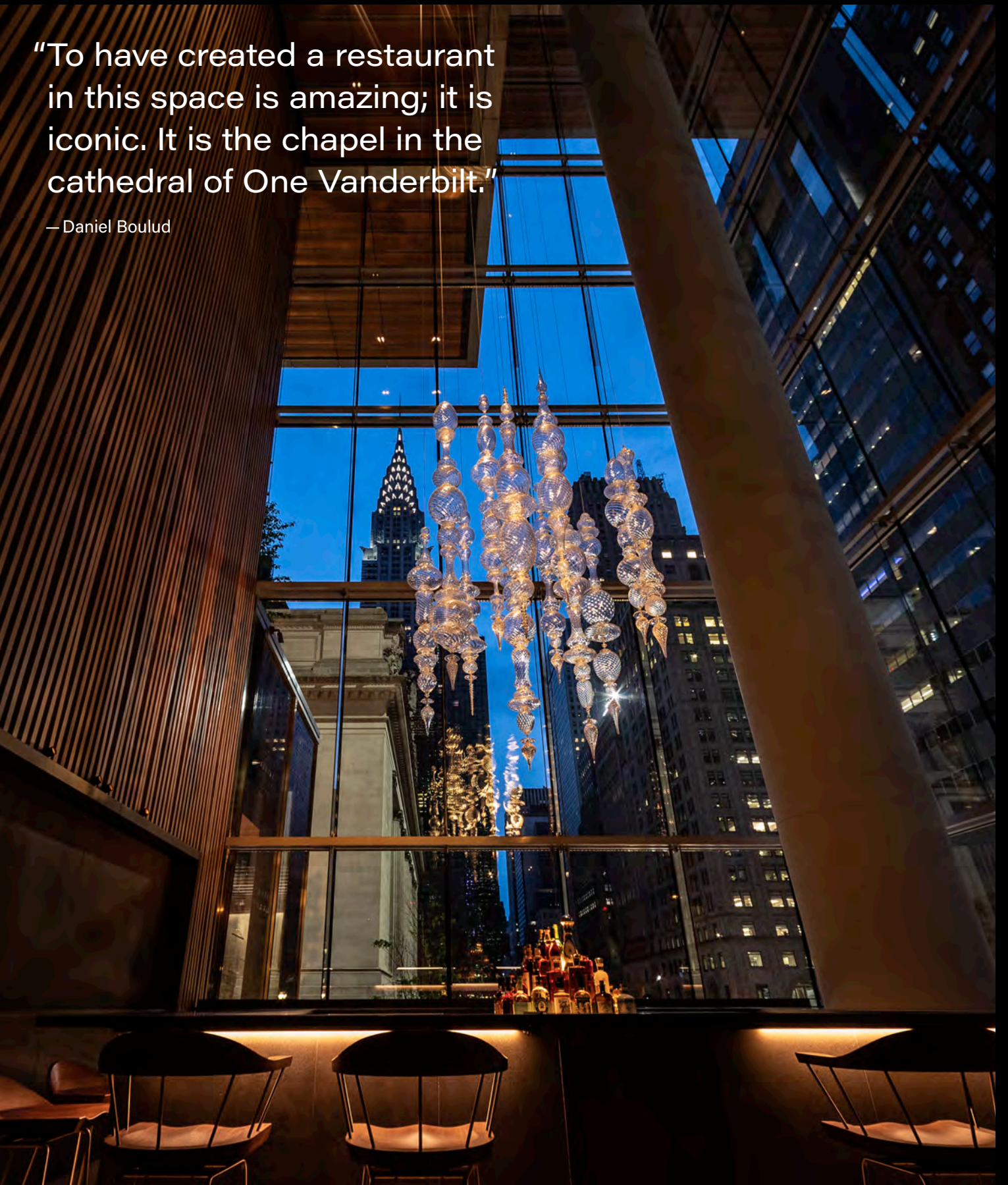
ONE VANDERBILT >

Le Pavillon by Daniel Boulud brings world-class dining to tenants and the city

Thinking about the building from the inside out from a tenant's perspective, One Vanderbilt delivers a Class A experience.

"To have created a restaurant in this space is amazing; it is iconic. It is the chapel in the cathedral of One Vanderbilt."

— Daniel Boulud





The Vandy Club provides complete access for tenants

One Vanderbilt features a 30,000 SF amenity floor offering tenants exclusive access to an expansive outdoor terrace space, hotel-style social space, a state-of-the-art auditorium and 30-seat boardroom. Let's not forget Daniel Boulud's La Terrace café.



Park House is a highly amenitized facility focused on productivity, health, and relaxation

Spacious gathering areas, spa-inspired workout / wellness rooms, a cafe, and game room including a golf simulator, are available to tenants only.



Graybar 19 offers tenants a brand new luxury conference center

Offering views of the East River and Chrysler Building from its fully landscaped outdoor terrace and more than 18,000 square feet of meeting spaces, collaborative lounge areas, and a self-service pantry.

SL Green — *Creating a Better Environment*

ONE VANDERBILT >

One Vanderbilt is the only building in the world to simultaneously achieve **LEED v3 Platinum** and **v4 Gold** certification.

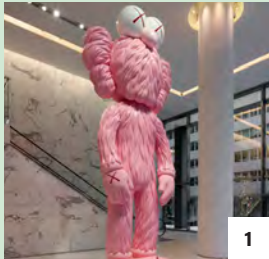


PRIVATELY OWNED PUBLIC SPACES (POPS) >

SL Green's portfolio is home to **10 POPS** covering **150,000 square feet** that add publicly accessible amenities to our community.

#	BUILDING	SF
1	10 East 53rd Street	6,606
2	1350 Avenue of the Americas	5,644
3	1185 Avenue of the Americas	17,429
4	1515 Broadway	12,200
5	245 Park Avenue	29,540
6	280 Park Avenue	17,603
7	555 West 57th Street	22,952
8	810 Seventh Avenue	6,575
9	885 Third Avenue	8,200
10	919 Third Avenue	18,783

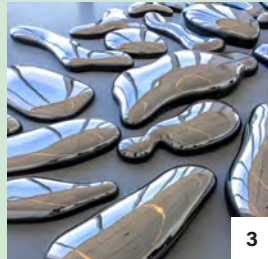
SL GREEN ART COMMISSIONS >



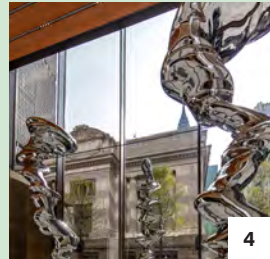
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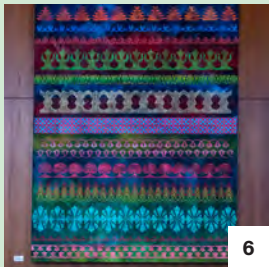
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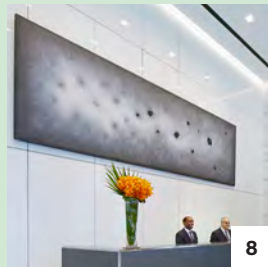
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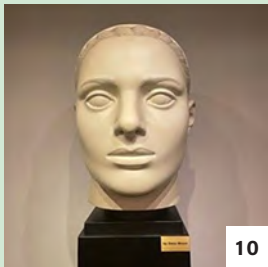
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1. 280 Park Avenue, Kaws, *BFF*, 2019
2. 280 Park Avenue, Tom Friedman, *Huddle*, 2016
3. One Vanderbilt, Yayoi Kusama, *Clouds*, 2019
4. One Vanderbilt, Tony Cragg, *Untitled*, 2020
5. One Vanderbilt, teamLab, *Continuous Life and Death at the Now of Eternity II*, 2017
6. One Vanderbilt, Philip Taaffe, *Nocturne with Architectural Fragments*, 2014
7. 810 Seventh Avenue, Robert Indiana, *Hope*, 2008
8. 461 Fifth Avenue, Shirazeh Houshiary, *Between*, 2011
9. 711 Third Avenue, Hans Hofmann, *Mosaic Mural*, 1956
10. 125 Park Avenue, Diana Moore, *Lexington Head*, 1997

WASTE MANAGEMENT >

SL Green's corporate office composting program diverts

5,000

POUNDS OF ORGANIC WASTE FROM LANDFILLS.



WALKABILITY >

90% of SL Green's portfolio is within walking distance (no more than ½ mile) from a NYC Park.

SL GREEN HAS AN AVERAGE WALK SCORE® OF 99/100.

Our Employees — *The Heart of the Company*



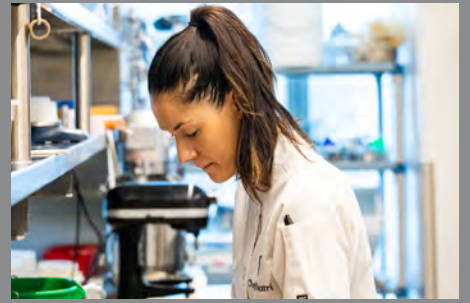
AVERAGE TENURE FOR SENIOR MANAGERS >

21 YEARS

EMPLOYEE ENGAGEMENT SURVEYS >

According to our 2021 employee survey:

97% OF EMPLOYEES ARE PROUD TO WORK FOR SLG



SL Green recognized as a **Best Place to Work**

The ingenuity, leadership and determination of our people is inspirational! Their collaboration and creativity has helped us overcome challenges, implement best-in-class protocols and move our entire portfolio to a more sustainable future. Their relentless efforts have created a workplace unlike any other and driven us to — literal — new heights.





65TH STREET

59TH STREET

57TH STREET

50TH STREET

42ND STREET

34TH STREET

23RD STREET

14TH STREET

FIRST AVENUE

SECOND AVENUE

THIRD AVENUE

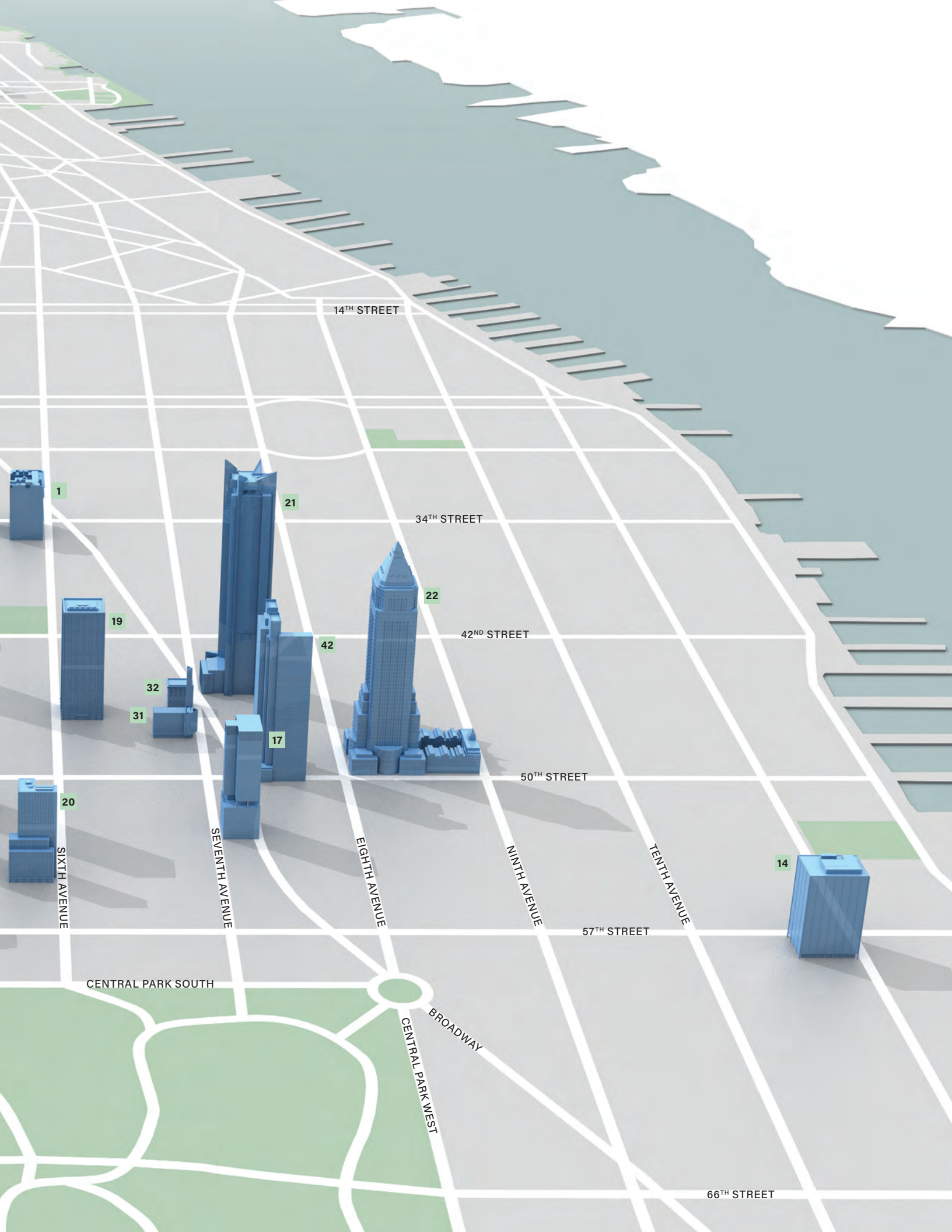
LEXINGTON AVENUE

PARK AVENUE

MADISON AVENUE

FIFTH AVENUE

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14TH STREET

34TH STREET

42ND STREET

50TH STREET

57TH STREET

66TH STREET

1

19

20

31

32

21

42

22

14

SIXTH AVENUE

SEVENTH AVENUE

EIGHTH AVENUE

NINTH AVENUE

TENTH AVENUE

CENTRAL PARK SOUTH

CENTRAL PARK WEST

BROADWAY

SL Green Portfolio

Map Key	Properties (As of December 31, 2021)	Ownership Interest (%)	Submarket	Ownership	Square Feet ⁽¹⁾	Occupancy (%)
OFFICE PROPERTIES						
1	2 Herald Square	51.0	Herald Square	Leasehold Interest	369,000	95.8
2	10 East 53rd Street	55.0	Plaza District	Fee Interest	354,300	89.0
3	100 Church Street	100.0	Downtown	Fee Interest	1,047,500	90.1
4	100 Park Avenue	50.0	Grand Central South	Fee Interest	834,000	76.3
5	11 Madison Avenue	60.0	Park Avenue South	Fee Interest	2,314,000	100.0
6	110 Greene Street	100.0	Soho	Fee Interest	223,600	77.1
7	125 Park Avenue	100.0	Grand Central	Fee Interest	604,245	99.2
8	220 East 42nd Street	51.0	Grand Central	Fee Interest	1,135,000	91.1
9	280 Park Avenue	50.0	Park Avenue	Fee Interest	1,219,158	94.9
10	304 Park Avenue South	100.0	Midtown South	Fee Interest	215,000	100.0
11	420 Lexington Avenue (Graybar)	100.0	Grand Central North	Leasehold Interest	1,188,000	84.8
12	461 Fifth Avenue	100.0	Midtown	Fee Interest	200,000	84.2
13	485 Lexington Avenue	100.0	Grand Central North	Fee Interest	921,000	80.7
14	555 West 57th Street	100.0	Midtown West	Fee Interest	941,000	99.7
15	711 Third Avenue	100.0 ⁽²⁾	Grand Central North	Leasehold Interest ⁽²⁾	524,000	94.7
16	800 Third Avenue	60.5	Grand Central North	Fee Interest	526,000	87.6
17	810 Seventh Avenue	100.0	Times Square	Fee Interest	692,000	82.6
18	919 Third Avenue	51.0	Grand Central North	Fee Interest	1,454,000	100.0
19	1185 Avenue of the Americas	100.0	Rockefeller Center	Leasehold Interest	1,062,000	79.8
20	1350 Avenue of the Americas	100.0	Rockefeller Center	Fee Interest	562,000	81.2
21	1515 Broadway	56.9	Times Square	Fee Interest	1,750,000	99.9
22	Worldwide Plaza	25.0	Westside	Fee Interest	2,048,725	95.1
SUBTOTAL					20,184,528	
RETAIL PROPERTIES						
23	11 West 34th Street	30.0	Herald Square / Penn Station	Fee Interest	17,150	100.0
24	21 East 66th Street	32.3	Plaza District	Fee Interest	13,069	100.0
25	85 Fifth Avenue	36.3	Midtown South	Fee Interest	12,946	100.0
26	115 Spring Street	51.0	Soho	Fee Interest	5,218	100.0
27	121 Greene Street	50.0	Soho	Fee Interest	7,131	100.0
28	650 Fifth Avenue	50.0	Plaza District	Leasehold Interest	69,214	100.0
29	690 Madison Avenue	100.0	Plaza District	Fee Interest	7,848	100.0
30	717 Fifth Avenue	10.9	Midtown / Plaza District	Fee Interest	119,550	90.4
31	719 Seventh Avenue	75.0	Times Square	Fee Interest	10,040	—
32	1552-1560 Broadway	50.0	Times Square	Fee Interest	57,718	88.3
SUBTOTAL					319,884	
DEVELOPMENT / REDEVELOPMENT						
33	One Vanderbilt Avenue	71.0	Grand Central	Fee Interest	1,657,198	86.6
34	19 East 65th Street	100.0	Plaza District	Fee Interest	14,639	5.5
†	609 Fifth Avenue ⁽³⁾	100.0	Rockefeller Center	Fee Interest	138,563	—
35	625 Madison Avenue	100.0	Plaza District	Leasehold Interest	563,000	25.2
†	707 Eleventh Avenue ⁽³⁾	100.0	Midtown West	Fee Interest	159,720	23.3
36	750 Third Avenue	100.0	North	Fee Interest	780,000	34.0
37	885 Third Avenue	100.0	Midtown / Plaza District	Fee / Leasehold Interest	625,300	23.6
SUBTOTAL					3,938,420	
CONSTRUCTION IN PROGRESS						
38	7 Dey Street / 185 Broadway	100.0	Lower Manhattan	Fee Interest	198,488	N/A
39	15 Beekman	20.0	Lower Manhattan	Leasehold Interest	221,884	N/A
40	One Madison Avenue	25.5	Park Avenue South	Fee Interest	1,396,426	N/A
41	760 Madison Avenue	100.0	Plaza District	Fee Interest	58,574	N/A
SUBTOTAL					1,875,372	
FEE OWNERSHIP — Subject to long-term, third-party net operating leases.						
42	1591-1597 Broadway	100.0	Times Square	Fee Interest	7,684	100.0
SUBTOTAL					7,684	
RESIDENTIAL PROPERTIES						
†	1080 Amsterdam ⁽³⁾	92.5	Upper West Side	Leasehold Interest	82,250	99.0
†	Stonehenge Portfolio ⁽³⁾	Various		Fee Interest	445,934	96.7
SUBTOTAL					528,184	
NEW YORK CITY GRAND TOTAL					26,854,072	
SUBURBAN PORTFOLIO						
†	Landmark Square	100.0	Stamford, Connecticut	Fee Interest	862,800	78.9
SUBURBAN GRAND TOTAL					862,800	78.9
TOTAL PORTFOLIO					27,716,872	

(1) Square Feet — Represents the rentable square footage at the time the property was acquired.

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

(3) Asset sold or under contract for sale and has been removed from the corresponding portfolio map.

† Properties not shown on map.

* In April 2022, the Company entered into contract to acquire the property.

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, repositioning, ownership, management and operation of commercial and residential real estate properties, principally office properties, located in the New York metropolitan area, principally Manhattan. 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.

The COVID-19 pandemic has caused, and continues to cause, disruptions with wide ranging impacts to the global economy and everyday life. This could cause our business, results of operations, liquidity, cash flows, prospects, and our ability to achieve forward-looking targets and expectations to be adversely affected and could also cause significant volatility in the trading prices of our securities. Additionally, the COVID-19 pandemic could increase the magnitude of many of the other risks described in this Annual Report on Form 10-K and our other SEC filings and may have other adverse effects on our operations that we are not currently able to predict.

The scale and magnitude of adverse impacts to our business could depend on, among other factors:

- the financial condition of our tenants and their ability or willingness to pay rent in full on a timely basis;
- the impact on rents and demand for office and retail space;
- the impact of new regulations or norms on physical space needs and expectations;
- the financial condition of the borrowers and sponsors of our debt and preferred equity investments and their ability or willingness to make interest and principal payments;
- the effect of changes in laws and regulation;
- the ability of debt and equity markets to function and provide liquidity; and
- the ability to mitigate delays or cost increases associated with building materials or construction services necessary for development, redevelopment and tenant improvements.

The following discussion related to our consolidated financial statements should be read in conjunction with the financial statements appearing in Item 8 of this Annual Report on Form 10-K. A discussion of our results of operations for the year ended December 31, 2020 compared to the year ended December 31, 2019 is included in Part II, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 26, 2021, and is incorporated by reference into this Annual Report on Form 10-K.

Leasing and Operating

As of December 31, 2021, our same-store Manhattan office property occupancy inclusive of leases signed but not commenced, was 93.0% compared to 93.4% as of December 31, 2020. We signed office leases in Manhattan encompassing approximately 1.9 million square feet, of which approximately 0.8 million square feet represented office leases that replaced previously occupied space. Our mark-to-market on the signed Manhattan office leases that replaced previously occupied space was (2.5)% for 2021.

According to Cushman & Wakefield, leasing activity in Manhattan improved significantly in 2021 totaling approximately 18.6 million square feet. Of the total 2021 leasing activity in Manhattan, the Midtown submarket accounted for approximately 12.1 million square feet, or approximately 65.1%. Manhattan's overall office vacancy went from 15.2% as of December 31, 2020 to 20.4% as of December 31, 2021. Overall average asking rents in Manhattan decreased in 2021 by 4.8% from \$73.16 per square foot as of December 31, 2020 to \$69.67 per square foot as of December 31, 2021, while Manhattan Class A asking rents decreased to \$76.29 per square foot, down 4.9% from \$80.18 as of December 31, 2020.

Acquisition and Disposition Activity

Overall Manhattan sales volume increased by 46.3% in 2021 to \$19.5 billion as compared to \$13.2 billion in 2020. In 2021, we continued to take advantage of significant interest by both international and domestic institutions and individuals seeking ownership interests in Manhattan properties to sell assets, disposing of a significant volume of properties that were considered non-core or had a more limited growth trajectory, raising efficiently priced capital that was used primarily for share repurchases and debt reduction. During the year, we closed on the sales of all or a portion of our interests in 55 West 46th Street - Tower 46, 605 West 42nd Street - Sky, 635-641 Sixth Avenue, 220 East 42nd Street, 400 East 57th Street, 590 Fifth Avenue, One Madison Avenue, and 110 East 42nd Street for total gross valuations of \$2.9 billion.

Debt and Preferred Equity

In 2020 and 2021, in our debt and preferred equity portfolio we continued to focus on the origination of financings for owners, acquirers or developers of properties in New York City, while selectively selling certain investments, the proceeds of which were utilized to repurchase shares of common stock or for debt repayment. This investment strategy provides us with the opportunity to fill a need for additional debt financing, while achieving attractive risk adjusted returns to us on the investments and receiving a significant amount of additional information on the New York City real estate market. The typical investments made by us during 2020 and 2021 were to reputable owners or acquirers which have sizable equity subordinate to our last dollar of exposure. During 2021, our debt and preferred equity activities included purchases and originations, inclusive of advances under future funding obligations, discount and fee amortization, and paid-in-kind interest, net of premium amortization, of \$207.0 million, and sales, redemption and participations of \$201.4 million.

For descriptions of significant activities in 2021, refer to "Part I, Item 1. Business - Highlights from 2021."

Highlights from 2021

Our significant achievements from 2021 included:

Corporate

- Repurchased 4.5 million shares of our common stock and redeemed \$0.6 million units of our Operating Partnership under our \$3.5 billion share repurchase program at an average price of \$75.73 per share. From program inception through December 31, 2021, we have repurchased a total of 34.1 million shares of our common stock and redeemed \$1.7 million units of our Operating Partnership under the program at an average price of \$88.96 per share.
- Declared a special dividend of \$2.4392 per share, comprised entirely of common stock and authorized a reverse stock split to mitigate the dilutive impact of the special dividend with a ratio of 1.03060-for-1. These transactions were completed in January 2022. All share-related references and measurements in this report including the number of shares outstanding, share prices, number of shares repurchased, earnings per share, dividends per share, and share-based compensation awards, have been retroactively adjusted to reflect the reverse stock split for all periods presented in this Annual Report.

Leasing

- Signed 159 Manhattan office leases covering approximately 1.9 million square feet. The mark-to-market on signed Manhattan office leases was 2.5% lower in 2021 than the previously fully escalated rents on the same spaces.
- Exceeded 95% leased at One Vanderbilt Avenue as of December 2021 after signing new leases with Flexpoint Ford; Tennor Holding B.V.; UiPath; MSD Partners; Mamoura Holdings (US), LLC; Kyndrel; and Nearwater Management LLC; as well as lease expansions with TD Securities; Carlyle Investment Management, Inc.; InTandem Capital Partners LLC and Sagewind Capital LLC; and Stone Point Capital LLC.
- Signed a lease expansion with Bloomberg LP for 191,207 square feet at 919 Third Avenue.
- Signed a new lease with Mintz, Levin, Cohn, Ferris, Glovsky, and Popeo, PC for 101,394 square feet at 919 Third Avenue.
- Signed a new lease with Chelsea Piers Fitness for 55,780 square feet at One Madison Avenue.
- Signed a lease renewal with Wells Fargo Bank N.A. for 103,803 square feet at 100 Park Avenue.

Acquisitions

- Closed on the acquisition of the fee under 1591-1597 Broadway for a gross purchase price of \$121.0 million. A third party has asserted ownership rights to the fee, which the Company is contesting.

- Took possession of 690 Madison Avenue at a gross asset valuation of \$72.2 million. This property previously served as collateral for a debt and preferred equity investment and was acquired through a successful bid for the fee interest at the foreclosure of the asset.
- Closed on the acquisition of the fee interest at 461 Fifth Avenue for a gross purchase price of \$28.0 million pursuant to a purchase option under a previous ground lease at the property which was terminated as part of the acquisition.

Dispositions

- Closed on the sale of the office and garage condominiums at 110 East 42nd Street for a gross sales price of \$117.1 million.
- Entered into an agreement to sell 707 Eleventh Avenue for a gross sales price of \$95.0 million. The transaction is expected to close in the first quarter of 2022.
- Together with our partner, entered into an agreement to sell 1080 Amsterdam Avenue for a gross sales price of \$42.5 million. Simultaneously, the Company agreed to sell its remaining interests in the Stonehenge portfolio for gross consideration of approximately \$1.0 million. The transactions are expected to close in the first quarter of 2022.
- Closed on the sale of a 25% interest in One Madison Avenue for a committed aggregate equity to the project totaling no less than \$259.3 million.
- Closed on the sale of 590 Fifth Avenue for a gross sales price of \$103.0 million.
- Closed on the sale of 400 East 57th Street for a gross sales price of \$133.5 million.
- Closed on the sale of a 49% interest in 220 East 42nd Street for a gross valuation of \$790.1 million.
- Closed on the sale of 635-641 Sixth Avenue for a gross sales price of \$325.0 million.
- Closed on the sale of our interest in 605 West 42nd Street, also known as "Sky," for a gross valuation of \$858.1 million.
- Closed on the sale of the commercial condominium units located at 55 West 46th Street, also known as "Tower 46," for a gross sales price of \$275.0 million.

Finance

- Together with our joint venture partners, closed on the \$3.0 billion 10-year fixed-rate refinancing of One Vanderbilt Avenue. The new financing carries a stated coupon of 2.855%, equivalent to a rate of 2.947% inclusive of hedging costs, and replaces the previous \$1.75 billion construction facility that had an outstanding balance of approximately \$1.54 billion at the time of repayment.
- Refinanced, extended and reduced the Company's unsecured corporate credit facility to \$2.5 billion. The new facility, which reduced overall borrowing costs, includes a \$1.25 billion revolving line of credit and \$1.05 billion 5-year funded term loan that both mature in May 2027 as well as a \$200 million 7-year funded term loan that was not modified and matures in November 2024.

Debt and Preferred Equity Investments

- Originated and retained, or acquired, \$0.2 billion in debt and preferred equity investments, inclusive of advances under future funding obligations, discount and fee amortization, and paid-in-kind interest, net of premium amortization, and recorded \$0.2 billion of proceeds from sales, repayments and participations.

As of December 31, 2021, 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		Unconsolidated		Total		Weighted Average Occupancy ⁽¹⁾
		Number of Properties	Approximate Square Feet	Number of Properties	Approximate Square Feet	Number of Properties	Approximate Square Feet	
Commercial:								
Manhattan	Office	12	8,180,345	10	12,004,183	22	20,184,528	92.1 %
	Retail	2	17,888	9	301,996	11	319,884	91.2 %
	Development/ Redevelopment	8	2,538,284	3	3,275,508	11	5,813,792	N/A
	Fee Interest	1	7,684	—	—	1	7,684	N/A
		23	10,744,201	22	15,581,687	45	26,325,888	92.0 %
Suburban	Office	7	862,800	—	—	7	862,800	78.9 %
Total commercial properties		30	11,607,001	22	15,581,687	52	27,188,688	91.5 %
Residential:								
Manhattan	Residential	1	82,250	6	445,934	7	528,184	97.0 %
Total portfolio		31	11,689,251	28	16,027,621	59	27,716,872	91.6 %

(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. Properties under construction are not included in the calculation of weighted average occupancy.

As of December 31, 2021, we also managed two office buildings owned by third parties encompassing approximately 2.1 million square feet, and held debt and preferred equity investments with a book value of \$1.1 billion, excluding \$10.1 million of debt and preferred equity investments and other financing receivables that are included in balance sheet line items other than the Debt and preferred equity investments line item.

Critical Accounting Policies and Estimates

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

Investment in Commercial Real Estate Properties

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

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

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.

The allocation of the purchase price to the tangible and intangible assets acquired and liabilities assumed involves subjectivity as the allocations are based on an analysis of the respective fair values. In determining the fair value of the real estate acquired, the Company will use a third-party valuation which primarily utilizes 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. We assess fair value of the acquired leases based on estimated cash flow projections that utilize appropriate discount 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. The determined and allocated fair values to the real estate acquired will affect the amount of depreciation and amortization we record over the respective estimated useful lives or term of the lease.

The Company classifies those leases under which the Company is the lessee at lease commencement as finance or operating leases. Leases qualify as finance leases if i) the lease transfers ownership of the asset at the end of the lease term, ii) the lease grants an option to purchase the asset that we are reasonably certain to exercise, iii) the lease term is for a major part of the remaining economic life of the asset, or iv) the present value of the lease payments exceeds substantially all of the fair value of the asset. Leases that do not qualify as finance leases are deemed to be operating leases. On the consolidated statements of operations, operating leases are expensed through operating lease rent while financing leases are expensed through amortization and interest expense.

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

On a periodic basis, we assess whether there are any indications that the value of our real estate properties may be 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 fair value of the property as calculated in accordance with ASC 820. We assess for impairment indicators based on factors such as, among other things, market conditions, occupancy rates, rental payment collections, and operating performance of the asset. If indicators of impairment are present, we evaluate real estate investments for potential impairment 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.

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

Investments in Unconsolidated Joint Ventures

We account for our investments in unconsolidated joint ventures under the equity method of accounting in cases where we exercise significant influence over, but do not control, these entities and are not considered to be the primary beneficiary. We consolidate those joint ventures that we control or which are variable interest entities (each, a "VIE") and where we are considered to be the primary beneficiary. In all these joint ventures, the rights of the joint venture partner are both protective as well as participating. Unless we are determined to be the primary beneficiary in a VIE, these participating rights preclude us from consolidating these VIE entities. Determining control of the entities can be subjective in assessing which activities of the joint venture most significantly impact the economic performance and whether the rights of the joint venture partner are protective or participating. In making this determination, any new or amended joint venture agreement is assessed by the Company for the activities that most significantly impact the joint venture's economic performance based on the business purpose and design of the venture. We assess the rights that are conveyed to us in the agreement and evaluate whether we are provided with participating or protective rights over the activities that most significantly impact the entity's economic performance. We also assess the rights of our joint venture partner. Such participating rights include, among other things, the right to approve/amend the annual budget, leasing of the property to a significant tenant, and approval of tax returns and auditors. If our joint venture partner has substantive participating rights and we are determined not to be the primary beneficiary, we do not consolidate the entity.

These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions. Equity in net income (loss) from unconsolidated joint ventures is allocated based on our ownership or economic interest in each joint venture and includes adjustments related to basis differences in accounting for the investment. When a capital event (as defined in each joint venture agreement) such as a refinancing occurs, if return thresholds are met, future equity income will be allocated at our increased economic interest. We recognize incentive income from unconsolidated real estate joint ventures as income to the extent it is earned and not subject to a clawback feature. Distributions we receive from unconsolidated real estate joint ventures in excess of our basis in the investment are recorded as offsets to our investment balance if we remain liable for future obligations of the joint venture or may otherwise be committed to provide future additional financial support. We generally finance our joint ventures with non-recourse debt. In certain cases we may provide guarantees or master leases for tenant space, which terminate upon the satisfaction of specified circumstances or repayment of the underlying loans.

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 each joint ventures' actual and projected cash flows. We do not believe that the values of any of our equity investments were impaired as of December 31, 2021.

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

Lease Classification

Lease classification for leases under which the Company is the lessor is evaluated at lease commencement and leases not classified as sales-type leases or direct financing leases are classified as operating leases. Leases qualify as sales-type leases if the contract includes either transfer of ownership clauses, certain purchase options, a lease term representing a major part of the economic life of the asset, or the present value of the lease payments and residual guarantees provided by the lessee exceeds substantially all of the fair value of the asset. Additionally, leasing an asset so specialized that it is not deemed to have any value to the Company at the end of the lease term may also result in classification as a sales-type lease. Leases qualify as direct financing leases when the present value of the lease payments and residual value guarantees provided by the lessee and unrelated third parties exceeds substantially all of the fair value of the asset and collection of the payments is probable.

Revenue Recognition

Rental revenue for operating leases is recognized on a straight-line basis over the term of the lease and we have determined that the collectability of substantially all of the lease payments are probable. If collectability of substantially all of the lease payments is assessed as not probable, rental revenue is recognized only upon actual receipt. The Company assesses the probability of collecting substantially all payments under its leases based on multiple factors, including, among other things, payment history of the lessee, the credit rating of the lessee, historical operations and trends within the lessee's industry, current and future economic conditions. If collectability of substantially all of the lease payments is assessed as not probable, any difference between the rental revenue recognized to date and the lease payments that have been collected is recognized as a current-period adjustment to rental revenue. A subsequent change in the assessment of collectability to probable may result in a current-period adjustment to rental revenue for any difference between the rental revenue that would have been recognized if collectability had always been assessed as probable and the rental revenue recognized to date.

Rental revenue recognition commences when the leased space is available for its intended use by the lessee. To determine whether the leased space is available for its intended use by the lessee, management evaluates whether we are the owner of tenant improvements for accounting purposes or the tenant is. When management concludes that we are the owner of tenant improvements, rental revenue recognition begins when the tenant takes possession of the finished space, which is when such tenant improvements are substantially complete. In certain instances, when management concludes that we are not the owner of tenant improvements, rental revenue recognition begins when the tenant takes possession of or controls the space.

The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rents receivable on the consolidated balance sheets.

In addition to base rent, our tenants also generally will pay their pro rata share of increases in real estate taxes and certain operating expenses for the building over a base year. In some leases, in lieu of paying additional rent based upon increases in certain building operating expenses, the tenant will pay additional rent based upon increases in the wage rate paid to porters over the porters' wage rate in effect during a base year or increases in the consumer price index over the index value in effect during a base year. In addition, many of our leases contain fixed percentage increases over the base rent to cover escalations. Electricity is most often supplied by the landlord either on a sub-metered basis, or rent inclusion basis (i.e., a fixed fee is

included in the rent for electricity, which amount may increase based upon increases in electricity rates or increases in electrical usage by the tenant). Base building services other than electricity (such as heat, air conditioning and freight elevator service during business hours, and base building cleaning) are typically provided at no additional cost, with the tenant paying additional rent only for services which exceed base building services or for services which are provided outside normal business hours. These escalations are based on actual expenses incurred in the prior calendar year. If the expenses in the current year are different from those in the prior year, then during the current year, the escalations will be adjusted to reflect the actual expenses for the current year.

Rental revenue is recognized if collectability is probable. If collectability of substantially all of the lease payments is assessed as not probable, any difference between the rental revenue recognized to date and the lease payments that have been collected is recognized as a current-period adjustment to rental revenue. A subsequent change in the assessment of collectability to probable may result in a current-period adjustment to rental revenue for any difference between the rental revenue that would have been recognized if collectability had always been assessed as probable and the rental revenue recognized to date.

We recognize lease concessions related to COVID-19, such as rent deferrals and abatements, in accordance with the Lease Modification Q&A issued by the FASB in April 2020, which provides entities with the option to elect to account for lease concessions as though the enforceable rights and obligations existed in the original lease. This election is only available when total cash flows resulting from the modified lease are substantially similar to the cash flows in the original lease. When total cash flows resulting from the modified lease are not substantially similar to the cash flows in the original lease, we account for the concession agreement as a new lease.

The Company provides its tenants with certain customary services for lease contracts such as common area maintenance and general security. We have elected to combine the non-lease components with the lease components of our operating lease agreements and account for them as a single lease component in accordance with ASC 842.

We record a gain or loss on sale of real estate assets when we no longer have a controlling financial interest in the entity owning the real estate, a contract exists with a third party and that third party has control of the assets acquired.

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

The Company assesses the probability of a borrower's ability to repay the debt and preferred equity investment similar to the factors noted above. We consider a debt and preferred equity investment to be past due when amounts contractually due have not been paid. Debt and preferred equity investments are placed on a non-accrual status at the earlier of the date at which payments become 90 days past due or when, in the opinion of management, a full recovery of interest income becomes doubtful. Interest income recognition is resumed on any debt or preferred equity investment that is on non-accrual status when such debt or preferred equity investment becomes contractually current and performance is demonstrated to be resumed.

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

We consider a debt and preferred equity investment to be past due when amounts contractually due have not been paid. Debt and preferred equity investments are placed on a non-accrual status when, in the opinion of management, a full recovery of interest income becomes doubtful. Interest income recognition is resumed on any debt or preferred equity investment when the performance of such non-accrual debt or preferred equity investment is demonstrated to be resumed.

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

on the consolidated statement of operations. Any fees received at the time of sale or syndication are recognized as part of investment income.

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

Debt and Preferred Equity Investments

Debt and preferred equity investments are presented at the net amount expected to be collected in accordance with ASC 326. An allowance for loan losses is deducted from the amortized cost basis of the financial assets to present the net carrying value at the amount expected to be collected through the expected maturity date of such investments. The expense for loan loss and other investment reserves is the charge to earnings to adjust the allowance for loan losses to the appropriate level. Amounts are written off from the allowance when we de-recognize the related investment either as a result of a sale of the investment or acquisition of equity interests in the collateral.

The Company evaluates the amount expected to be collected based on current market and economic conditions, historical loss information, and reasonable and supportable forecasts. The Company's assumptions are derived from both internal data and external data which may include, among others, governmental economic projections for the New York City Metropolitan area, public data on recent transactions and filings for securitized debt instruments. This information is aggregated by asset class and adjusted for duration. Based on these inputs, loans are evaluated at the individual asset level. In certain instances, we may also use a probability-weighted model that considers the likelihood of multiple outcomes and the amount expected to be collected for each outcome.

The evaluation of the possible credit deterioration associated with the performance and/or value of the underlying collateral property as well as the financial and operating capability of the borrower/sponsor requires significant judgment, which include both asset level and market assumptions over the relevant time period.

In addition, quarterly, the Company assigns each loan a risk rating. Based on a 3-point scale, loans are rated "1" through "3," from lower risk to higher risk, which ratings are defined as follows: 1 - Low Risk Assets - Low probability of loss, 2 - Watch List Assets - Higher potential for loss, 3 - High Risk Assets - Loss more likely than not. Loans with risk ratings of 2 or 3 are evaluated to determine whether the expected risk of loss is appropriately captured through the combination of our expectations of current conditions, historical loss information and supportable forecasts described above or whether risk characteristics specific to the loan warrant the use of a probability-weighted model.

Financing investments that are classified as held for sale are carried at the expected amount to be collected 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 expected amount to be collected.

Other financing receivables that are included in balance sheet line items other than the Debt and preferred equity investments line are also measured at the net amount expected to be collected.

Accrued interest receivable amounts related to these debt and preferred equity investment and other financing receivables are recorded at the net amount expected to be collected within Other assets in the consolidated balance sheets. Write offs of accrued interest receivables are recognized as an expense for loan loss and other investment reserves.

Results of Operations

Comparison of the year ended December 31, 2021 to the year ended December 31, 2020

The following comparison for the year ended December 31, 2021, or 2021, to the year ended December 31, 2020, or 2020, makes reference to the effect of the following:

- i. "Same-Store Properties," which represents all operating properties owned by us at January 1, 2020 and still owned by us in the same manner as of December 31, 2021 (Same-Store Properties totaled 21 of our 31 consolidated operating properties),
- ii. "Acquisition Properties," which represents all properties or interests in properties acquired in 2021 and 2020 and all non-Same-Store Properties, including properties that are under development or redevelopment,
- iii. "Disposed Properties" which represents all properties or interests in properties sold in 2021 and 2020, and
- iv. "Other," which represents properties where we sold an interest resulting in deconsolidation and corporate level items not allocable to specific properties, as well as the Service Corporation and eMerge Inc.

(in millions)	Same-Store				Disposed		Other		Consolidated			
	2021	2020	\$ Change	% Change	2021	2020	2021	2020	2021	2020	\$ Change	% Change
Rental revenue	\$ 533.2	\$ 564.5	\$ (31.3)	(5.5)%	\$ 24.6	\$ 70.1	\$120.4	\$169.8	\$ 678.2	\$ 804.4	\$ (126.2)	(15.7)%
Investment income	—	—	—	—%	—	—	80.3	120.2	80.3	120.2	(39.9)	(33.2)%
Other income	3.9	13.0	(9.1)	(70.0)%	2.4	3.9	79.2	111.3	85.5	128.2	(42.7)	(33.3)%
Total revenues	537.1	577.5	(40.4)	(7.0)%	27.0	74.0	279.9	401.3	844.0	1,052.8	(208.8)	(19.8)%
Property operating expenses	263.1	271.3	(8.2)	(3.0)%	10.1	31.0	73.3	86.2	346.5	388.5	(42.0)	(10.8)%
Transaction related costs	0.3	—	0.3	—%	—	—	3.5	0.5	3.8	0.5	3.3	660.0%
Marketing, general and administrative	—	—	—	—%	—	—	94.9	91.8	94.9	91.8	3.1	3.4%
	263.4	271.3	(7.9)	(2.9)%	10.1	31.0	171.7	178.5	445.2	480.8	(35.6)	(7.4)%

Other income (expenses):

Interest expense and amortization of deferred financing costs, net of interest income									\$ (82.3)	\$ (128.5)	\$ 46.2	(36.0)%
Depreciation and amortization									(216.9)	(313.7)	96.8	(30.9)%
Equity in net loss from unconsolidated joint ventures									(55.4)	(25.2)	(30.2)	119.8%
Equity in net (loss) gain on sale of interest in unconsolidated joint venture/real estate									(32.8)	3.0	(35.8)	(1,193.3)%
Purchase price and other fair value adjustment									210.1	187.5	22.6	12.1%
Gain on sale of real estate, net									287.4	215.5	71.9	33.4%
Depreciable real estate reserves and impairments									(23.8)	(60.5)	36.7	(60.7)%
Loss on early extinguishment of debt									(1.6)	—	(1.6)	—%
Loan loss and other investment reserves, net of recoveries									(2.9)	(35.3)	32.4	(91.8)%
Net income									<u>\$ 480.6</u>	<u>\$ 414.8</u>	<u>\$ 65.8</u>	15.9%

Rental Revenue

Rental revenues decreased primarily due to our Disposed Properties (\$45.5 million), properties moved into redevelopment (\$39.7 million), and a lower contribution from our Same-Store Properties (\$31.3 million) driven by increased vacancy at 1185 Avenue of the Americas (\$18.3 million), 420 Lexington Avenue (\$6.0 million) and 485 Lexington Avenue (\$5.5 million). Rental revenues decreased further as a result of the 49.0% joint venture interest sale in 220 East 42nd Street (\$30.4 million) during the third quarter of 2021. This was partially offset by the addition of 885 Third Avenue to the consolidated portfolio in the first quarter of 2021 (\$26.7 million).

The following table presents a summary of the commenced leasing activity for the year ended December 31, 2021 in our Manhattan portfolio:

	Usable SF	Rentable SF	New Cash Rent (per rentable SF) ⁽¹⁾	Prev. Escalated Rent (per rentable SF) ⁽²⁾	TI/LC per rentable SF	Free Rent (in months)	Average Lease Term (in years)
Manhattan							
Space available at beginning of the year	1,717,735						
Sold vacancies	(90,435)						
Property in redevelopment	(353,897)						
Space which became available during the year ⁽³⁾							
• Office	1,028,198						
• Retail	65,834						
• Storage	4,487						
	<u>1,098,519</u>						
Total space available	2,371,922						
Leased space commenced during the year:							
• Office ⁽⁴⁾	671,210	741,490	\$ 68.37	\$ 66.26	\$ 60.21	6.4	8.5
• Retail	57,740	59,272	\$ 56.01	\$ 81.70	\$ 11.12	1.6	10.7
• Storage	4,981	5,397	\$ 25.44	\$ 31.55	\$ —	1.5	4.9
Total leased space commenced	<u>733,931</u>	<u>806,159</u>	\$ 67.17	\$ 67.83	\$ 56.20	6.0	8.7
Total available space at end of year	<u>1,637,991</u>						
Early renewals							
• Office	368,637	390,290	\$ 68.89	\$ 71.90	\$ 9.55	2.2	2.8
• Retail	50,409	77,042	\$ 96.21	\$ 86.21	\$ —	0.6	4.4
• Storage	2,248	2,262	\$ 28.09	\$ 28.09	\$ —	0.5	1.4
Total early renewals	<u>421,294</u>	<u>469,594</u>	\$ 73.18	\$ 74.03	\$ 7.94	1.9	3.1
Total commenced leases, including replaced previous vacancy							
• Office		1,131,780	\$ 68.55	\$ 69.18	\$ 42.74	5.0	6.6
• Retail		136,314	\$ 78.73	\$ 84.48	\$ 4.83	1.1	7.2
• Storage		7,659	\$ 26.22	\$ 30.02	\$ —	1.2	3.9
Total commenced leases		<u>1,275,753</u>	\$ 69.38	\$ 71.12	\$ 38.43	4.5	6.6

(1) Annual initial base rent.

(2) Escalated rent includes base rent plus all additional amounts paid by the tenant in the form of real estate taxes, operating expenses, porters wage or a consumer price index (CPI) adjustment.

(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 \$62.27 per rentable square feet for 363,354 rentable square feet. Average starting office rent for office space (leased and early renewals, excluding new tenants replacing vacancies) was \$65.70 per rentable square feet for 753,644 rentable square feet.

Investment Income

Investment income decreased primarily as a result of a decrease in the weighted average balance and weighted average yield of our debt and preferred equity investment portfolio. For the years ended December 31, 2021 and 2020, the weighted average balance of our debt and preferred equity investment portfolio and the weighted average yield were \$1.1 billion and 7.1%, respectively, compared to \$1.4 billion and 7.7%, respectively. As of December 31, 2021, the debt and preferred equity investment portfolio had a weighted average term to maturity of 1.8 years excluding extension options.

Other Income

Other income decreased mainly due to lower lease termination income for the year ended December 31, 2021 (\$22.6 million) as compared to the same period in 2020 (\$48.2 million), income, net of legal costs, derived from a legal settlement during the year ended December 31, 2020 (\$20.2 million), and development fee income earned during the year ended December 31, 2020 (\$7.3 million), partially offset by an increase in leasing and management fee income for the year ended December 31, 2021 (\$11.4 million).

Property Operating Expenses

Property operating expenses decreased primarily due to reduced variable expenses and real estate taxes at our Disposed Properties (\$9.9 million and \$9.6 million, respectively). Further decreases resulted from reduced real estate taxes at our Same-Store Properties, 220 East 42nd Street (which the Company sold a 49.0% joint venture interest) and our Acquisition Properties (\$7.5 million, \$4.2 million and \$2.6 million, respectively), and decreased variable expenses at 750 Third Avenue and 220 East 42nd Street (\$5.9 million and \$5.5 million, respectively).

Marketing, General and Administrative Expenses

Marketing, general and administrative expenses increased to \$94.9 million for the year ended December 31, 2021, compared to \$91.8 million for the same period in 2020 due primarily to an increase in rent expense and inflationary pressure on compensation costs.

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 due to interest capitalization in connection with properties that are under development (\$9.5 million), lower interest expense from the revolving credit facility (\$8.3 million), senior unsecured notes (\$8.2 million) and term loans (\$6.6 million) resulting from a decrease in the average LIBOR rate for the year ended December 31, 2021 as compared to the year ended December 31, 2020, and the disposal of 315 West 33rd Street - "The Olivia" in 2020 (\$3.4 million). The weighted average consolidated debt balance outstanding was \$4.8 billion for the year ended December 31, 2021, compared to \$5.8 billion for the year ended December 31, 2020. The consolidated weighted average interest rate was 2.93% for the year ended December 31, 2021, as compared to 3.06% for the year ended December 31, 2020.

Depreciation and Amortization

Depreciation and amortization decreased primarily due to accelerated depreciation at One Madison Avenue in the third quarter of 2020 related to the property's redevelopment (\$70.3 million), and decreased depreciation and amortization at our Disposed properties (\$20.7 million) and Same-Store Properties (\$12.7 million).

Equity in net loss from unconsolidated joint ventures

Equity in net loss from unconsolidated joint ventures increased primarily as a result of higher depreciation expense at One Vanderbilt Avenue (\$43.0 million), which was put in service during the fourth quarter of 2020, partially offset by an increase in income from operations at 2 Herald Square (\$7.5 million).

Equity in net (loss) gain on sale of interest in unconsolidated joint venture/real estate

During the year ended December 31, 2021, we recognized losses on the sales of our interest in One Madison Avenue (\$26.9 million), 55 West 46th Street (\$15.3 million) and 400 East 57th Street (\$1.5 million), offset by a gain on the sale of our interest in 605 West 42nd Street (\$8.3 million). During the year ended December 31, 2020, we recognized a gain on the sale of our joint venture interest in 333 East 22nd Street (\$3.0 million).

Purchase price and other fair value adjustments

During the year ended December 31, 2021, we recorded a \$206.8 million fair value adjustment related to the 51.0% interest we retained in 220 East 42nd Street, which was deconsolidated when the Company sold a 49.0% joint venture interest and the Company no longer retained a controlling interest in the entity, as defined in ASC 810.

In December 2020, the Company admitted partners to the One Madison Avenue development project, which resulted in the Company no longer retaining a controlling interest in the entity, as defined in ASC 810, and the deconsolidation of our remaining 50.5% interest. We recorded our investment at fair value, which resulted in the recognition of a fair value adjustment of \$187.5 million.

Gain (Loss) on Sale of Real Estate, Net

During the year ended December 31, 2021, we recognized gains on the sale of a 49.0% joint venture interest in 220 East 42nd Street (\$172.7 million), and the sales of 635-641 Sixth Avenue (\$99.2 million) and 410 Tenth Avenue (\$15.7 million).

During the year ended December 31, 2020, we recognized gains on the sales of 315 West 33rd Street - "The Olivia" (\$72.3 million), the retail condominium at 609 Fifth Avenue (\$65.4 million), 410 Tenth Avenue (\$56.4 million), 15 Beekman (\$17.7 million), Williamsburg Terrace (\$11.8 million) and 400 East 58th Street (\$8.3 million), offset by a loss on the sale related to our interest in 1055 Washington Boulevard in Stamford, Connecticut (\$11.5 million).

Depreciable Real Estate Reserves and Impairments

During the year ended December 31, 2021, we recognized depreciable real estate reserves and impairments related to 400 East 57th Street (\$5.7 million) as well as investments under contract for sale as of December 31, 2021 in 707 Eleventh Avenue (\$15.0 million) and the Stonehenge Properties (\$3.1 million). During the year ended December 31, 2020, we recognized depreciable real estate reserves and impairments related to 106 Spring Street (\$39.7 million), 133 Greene Street (\$14.1 million) and 712 Madison Avenue (\$6.6 million).

Loan loss and other investment reserves, net of recoveries

During the year ended December 31, 2021, we recorded \$2.9 million of loan loss and other investment reserves in conjunction with recording debt and preferred equity investments and other financing receivables at the net amount expected to be collected.

During the year ended December 31, 2020, we recorded \$12.3 million of losses related to certain debt and preferred equity investments that were sold and \$23.0 million of loan loss and other investment reserves in conjunction with recording debt and preferred equity investments and other financing receivables at the net amount expected to be collected.

Comparison of the year ended December 31, 2020 to the year ended December 31, 2019

For a comparison of the year ended December 31, 2020 to the year ended December 31, 2019, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Form 10-K for the year ended December 31, 2020, which was filed with the SEC on February 26, 2021.

Liquidity and Capital Resources

We currently expect that the 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, share repurchases, dividends to shareholders, distributions to unitholders, repurchases or repayments of outstanding indebtedness and for debt and preferred equity investments will include:

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

Cash flow from operations is primarily dependent upon the collectability of rent, 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 mortgages and other loans payable, the 2021 credit facility, senior unsecured notes (net of discount), trust preferred securities, our share of joint venture debt, including as-of-right extension options and put options, estimated interest expense, and our obligations under our financing and operating leases, as of December 31, 2021 are as follows (in thousands):

	2022	2023	2024	2025	2026	Thereafter	Total
Property mortgages and other loans	\$ 457,589	\$ 56,583	\$ 338,017	\$ 812	\$ 841	\$ 580,618	\$ 1,434,460
Revolving credit facility	—	—	—	—	390,000	—	390,000
Unsecured term loans	—	—	200,000	—	—	1,050,000	1,250,000
Senior unsecured notes	800,000	—	—	100,000	—	—	900,000
Trust preferred securities	—	—	—	—	—	100,000	100,000
Financing leases	3,523	3,570	3,641	3,810	3,858	256,691	275,093
Operating leases	36,776	48,680	54,545	54,772	54,911	1,395,533	1,645,217
Estimated interest expense	115,868	88,998	85,192	69,702	58,489	38,688	456,937
Joint venture debt	426,057	750,696	616,510	1,391,185	150,486	2,435,913	5,770,847
Total	<u>\$ 1,839,813</u>	<u>\$ 948,527</u>	<u>\$ 1,297,905</u>	<u>\$ 1,620,281</u>	<u>\$ 658,585</u>	<u>\$ 5,857,443</u>	<u>\$ 12,222,554</u>

We estimate that for the year ending December 31, 2022, we expect to incur \$82.4 million of recurring capital expenditures on existing consolidated properties and \$107.8 million of development or redevelopment expenditures on existing consolidated properties, of which \$3.5 million will be funded by construction financing facilities or loan reserves. We expect our share of capital expenditures at our joint venture properties will be \$219.3 million, of which \$125.8 million will be funded by construction financing facilities or loan reserves. We expect to fund capital expenditures from operating cash flow, existing liquidity, and borrowings from construction financing facilities. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs.

As of December 31, 2021, we had liquidity of \$1.1 billion, comprised of \$860.0 million of availability under our revolving credit facility and \$286.2 million of consolidated cash on hand, inclusive of \$34.8 million of marketable securities. This liquidity excludes \$132.1 million representing our share of cash at unconsolidated joint venture properties. We may seek to divest of properties, interests in properties, or debt and preferred equity investments 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 and unsecured debt, will allow us to satisfy our debt and other obligations, as described above, upon maturity, if not before.

We 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 years presented below.

Cash, restricted cash, and cash equivalents were \$337.0 million and \$372.8 million as of December 31, 2021 and 2020, respectively, representing a decrease of \$35.8 million. The decrease was a result of the following changes in cash flows (in thousands):

	Year Ended December 31,		
	2021	2020	(Decrease) Increase
Net cash provided by operating activities	\$ 255,979	\$ 554,236	\$ (298,257)
Net cash provided by investing activities	\$ 993,581	\$ 1,056,430	\$ (62,849)
Net cash used in financing activities	\$ (1,285,371)	\$ (1,479,301)	\$ 193,930

Our principal sources of operating cash flow are the properties in our consolidated and joint venture portfolios and our debt and preferred equity portfolio. These sources generate a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, debt service, and fund dividend and distribution requirements.

Cash is used in investing activities to fund acquisitions, development or redevelopment projects and recurring and nonrecurring capital expenditures. We selectively invest in new projects that enable us to take advantage of our development, leasing, financing and property management skills, and invest in existing buildings that meet our investment criteria. During the year ended December 31, 2021, when compared to the year ended December 31, 2020, we used cash primarily for the following investing activities (in thousands):

Acquisitions of real estate	\$ (65,945)
Capital expenditures and capitalized interest	155,654
Joint venture investments	(18,557)
Distributions from joint ventures	646,032
Proceeds from sales of real estate/partial interest in property	(460,788)
Cash assumed from consolidation of real estate investment	9,475
Debt and preferred equity and other investments	(328,720)
Decrease in net cash provided by investing activities	<u>\$ (62,849)</u>

Funds spent on capital expenditures, which are comprised of building and tenant improvements, decreased from \$458.1 million for the year ended December 31, 2020 to \$302.5 million for the year ended December 31, 2021 due to lower costs incurred in connection with our development and redevelopment properties.

We generally fund our investment activity through the sale of real estate, the sale of debt and preferred equity investments, property-level financing, our credit facilities, senior unsecured notes, and construction loans. From time to time, the Company may issue common or preferred stock, or the Operating Partnership may issue common or preferred units of limited partnership interest. During the year ended December 31, 2021, when compared to the year ended December 31, 2020, we used cash for the following financing activities (in thousands):

Proceeds from our debt obligations	\$ (1,149,203)
Repayments of our debt obligations	878,784
Net distribution to noncontrolling interests	63,599
Other financing activities	59,692
Proceeds from stock options exercised and DRSP issuance	550
Repurchase of common stock	187,080
Redemption of preferred stock	76,710
Acquisition of subsidiary interest from noncontrolling interest	1,536
Dividends and distributions paid	22,921
Increase in net cash used in financing activities	<u>\$ 141,669</u>

Capitalization

Our authorized capital stock consists of 260,000,000 shares, \$0.01 par value per share, consisting of 160,000,000 shares of common stock, \$0.01 par value per share, 75,000,000 shares of excess stock, at \$0.01 par value per share, and 25,000,000 shares of preferred stock, \$0.01 par value per share. As of December 31, 2021, 64,105,276 shares of common stock and no shares of excess stock were issued and outstanding.

On December 2, 2021 our Board of Directors declared an ordinary dividend of \$0.3108 per share (\$0.3203 per share reflecting reverse stock split noted below) and a special dividend of \$2.4392 per share (\$2.5138 per share reflecting reverse stock split noted below) (together, "the Total Dividend"). The Total Dividend was paid on January 18, 2022 to shareholders of record at the close of business on December 15, 2021 ("the Record Date"). Shareholders had the opportunity to elect to receive the Total Dividend in the form of all cash or all stock, subject to proration if either option was oversubscribed.

To mitigate the dilutive impact of the common stock issued in the special dividend, the Board of Directors also authorized a reverse stock split, which was effective after markets closed on January 21, 2022. On January 10, 2022, a committee of the Board of Directors calculated the ratio for the reverse stock split of our issued and outstanding shares of common stock as 1.03060-for-1. After the issuance of the dividend and the completion of the reverse stock split, the number of shares of our common stock outstanding was equivalent to the number of total shares outstanding on the Record Date (not including any issuances or repurchases that occurred following the Record Date, as well as any fractional shares that would have been issued but for which cash-in-lieu was paid). However, on a relative basis, some individual shareholders may have more shares of SLG's common stock, and some individual shareholders may have fewer shares of our common stock, depending on their individual elections to receive cash or stock and as a result of the cash option being oversubscribed.

All share-related references and measurements including the number of shares outstanding, share prices, number of shares repurchased, earnings per share, dividends per share, and share-based compensation awards, have been retroactively adjusted to reflect the reverse stock split for all periods presented in this Annual Report on Form 10-K.

Share Repurchase Program

In August 2016, our Board of Directors approved a \$1.0 billion share repurchase program under which we could buy shares of our common stock. The Board of Directors has since authorized five separate \$500.0 million increases to the size of the share repurchase program in the fourth quarter of 2017, second quarter of 2018, fourth quarter of 2018, fourth quarter of 2019, and fourth quarter of 2020 bringing the total program size to \$3.5 billion.

As of December 31, 2021, share repurchases, excluding the redemption of OP units, executed under the program were as follows:

Period	Shares repurchased	Average price paid per share	Cumulative number of shares repurchased as part of the repurchase plan or programs
Year ended 2017	7,865,206	\$107.81	7,865,206
Year ended 2018	9,187,480	\$102.06	17,052,686
Year ended 2019	4,333,260	\$88.69	21,385,946
Year ended 2020	8,285,460	\$64.30	29,671,406
Year ended 2021	4,474,649	\$75.44	34,146,055

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 years ended December 31, 2021, 2020, and 2019, respectively (dollars in thousands):

	Year Ended December 31,		
	2021	2020	2019
Shares of common stock issued	10,387	16,181	3,645
Dividend reinvestments/stock purchases under the DRSPP	\$ 738	\$ 1,006	\$ 334

Fourth Amended and Restated 2005 Stock Option and Incentive Plan

The Fourth Amended and Restated 2005 Stock Option and Incentive Plan, or the 2005 Plan, was approved by the Company's Board of Directors in April 2016 and its stockholders in June 2016 at the Company's annual meeting of stockholders. Subject to adjustments upon certain corporate transactions or events, awards with respect to up to a maximum of 27,030,000 fungible units may be granted as options, restricted stock, phantom shares, dividend equivalent rights and other equity-based awards under the 2005 Plan. As of December 31, 2021, 2.0 million fungible units were available for issuance under the 2005 Plan after reserving for shares underlying outstanding restricted stock units and phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units.

Deferred Compensation Plan for Directors

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

During the year ended December 31, 2021, 24,426 phantom stock units and 12,312 shares of common stock were issued to our Board of Directors. We recorded compensation expense of \$2.3 million during the year ended December 31, 2021 related to the Deferred Compensation Plan. As of December 31, 2021, there were 165,201 phantom stock units outstanding pursuant to our Non-Employee Director's Deferral Program.

Employee Stock Purchase Plan

In 2007, the Company's Board of Directors adopted the 2008 Employee Stock Purchase Plan, or ESPP, to provide equity-based incentives to eligible employees. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code, and has been adopted by the board to enable our eligible employees to purchase the Company's shares of common stock through payroll deductions. The ESPP became effective on January 1, 2008 with a maximum of 500,000 shares of the common stock available for issuance, subject to adjustment upon a merger, reorganization, stock split or other similar corporate change. The Company filed a registration statement on Form S-8 with the SEC with respect to the ESPP. The common stock is offered for purchase through a series of successive offering periods. Each offering period will be three months in duration and will begin on the first day of each calendar quarter, with the first offering period having commenced on January 1, 2008. The ESPP provides for eligible employees to purchase the common stock at a purchase price equal to 85% of the lesser of (1) the market value of the common stock on the first day of the offering period or (2) the market value of the common stock on the last day of the offering period. The ESPP was approved by our stockholders at our 2008 annual meeting of stockholders. As of December 31, 2021, 172,421 shares of our common stock had been issued under the ESPP.

Indebtedness

The table below summarizes our consolidated mortgages and other loans payable, 2021 credit facility, senior unsecured notes and trust preferred securities outstanding as of December 31, 2021 and 2020, (amounts in thousands).

	December 31,	
	2021	2020
Debt Summary:		
Balance		
Fixed rate	\$ 1,974,324	\$ 1,985,572
Variable rate—hedged	1,300,000	1,150,000
Total fixed rate	3,274,324	3,135,572
Total variable rate	801,051	1,827,677
Total debt	\$ 4,075,375	\$ 4,963,249
Debt, preferred equity, and other investments subject to variable rate	294,970	345,877
Net exposure to variable rate debt	506,081	1,481,800
Percent of Total Debt:		
Fixed rate	80.3 %	63.2 %
Variable rate ⁽¹⁾	19.7 %	36.8 %
Total	100.0 %	100.0 %
Effective Interest Rate for the Year:		
Fixed rate	3.14 %	3.65 %
Variable rate	2.11 %	2.30 %
Effective interest rate	3.02 %	2.91 %

(1) Inclusive of the mitigating effect of our debt, preferred equity, and other investments subject to variable rates, the percent of total debt of our net exposure to variable rate debt was 13.4% and 32.1% as of December 31, 2021 and December 31, 2020, respectively.

The variable rate debt shown above generally bears interest at an interest rate based on 30-day LIBOR (0.10% and 0.14% as of December 31, 2021 and 2020, respectively). As of December 6, 2021, the variable rate for our 2021 Credit facility bears interest at an interest rate based on adjusted Term SOFR (0.05% as of December 31, 2021). Our consolidated debt as of December 31, 2021 had a weighted average term to maturity of 3.64 years.

Certain of our debt and equity investments and other investments, with carrying values of \$295.0 million as of December 31, 2021 and \$345.9 million as of December 31, 2020, are variable rate investments, which mitigate our exposure to interest rate changes on our unhedged variable rate debt. Inclusive of the mitigating effect of these investments, the net ratio of our variable rate debt to total debt was 13.4% and 32.1% as of December 31, 2021 and 2020, respectively.

Mortgage Financing

As of December 31, 2021, our total mortgage debt (excluding our share of joint venture mortgage debt of \$5.8 billion) consisted of \$1.1 billion of fixed rate debt, including swapped variable rate debt, with an effective weighted average interest rate of 4.31% and \$0.4 billion of variable rate debt with an effective weighted average interest rate of 2.45%.

Corporate Indebtedness

2021 Credit Facility

In December 2021, we entered into an amended and restated credit facility, referred to as the 2021 credit facility, that was previously amended by the Company in November 2017, or the 2017 credit facility, and was originally entered into by the Company in November 2012, or the 2012 credit facility. As of December 31, 2021, the 2021 credit facility consisted of a \$1.25 billion revolving credit facility, a \$1.05 billion term loan (or "Term Loan A"), and a \$200.0 million term loan (or "Term Loan B") with maturity dates of May 15, 2026, May 15, 2027, and November 21, 2024, respectively. The revolving credit facility has two six-month as-of-right extension options to May 15, 2027. We also have an option, subject to customary conditions, to increase the capacity of the credit facility to \$4.5 billion at any time prior to the maturity dates for the revolving credit facility and term loans without the consent of existing lenders, by obtaining additional commitments from our existing lenders and other financial institutions.

As of December 31, 2021, the 2021 credit facility bore interest at a spread over adjusted Term SOFR plus 10 basis points with an interest period of one or three months, as we may elect, ranging from (i) 72.5 basis points to 140 basis points for loans under the revolving credit facility, (ii) 80 basis points to 160 basis points for loans under Term Loan A, and (iii) 85 basis points to 165 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. In instances where there are either only two ratings available or where there are more than two and the difference between them is one rating category, the applicable rating shall be the highest rating. In instances where there are more than two ratings and the difference between the highest and the lowest is two or more rating categories, then the applicable rating used is the average of the highest two, rounded down if the average is not a recognized category.

As of December 31, 2021, the applicable spread over adjusted Term SOFR plus 10 basis points was 85 basis points for the revolving credit facility, 95 basis points for Term Loan A, and 100 basis points for Term Loan B. We are required to pay quarterly in arrears a 12.5 to 30 basis point facility fee on the total commitments under the revolving credit facility based on the credit rating assigned to the senior unsecured long term indebtedness of the Company. As of December 31, 2021, the facility fee was 20 basis points.

As of December 31, 2021, we had \$2.0 million of outstanding letters of credit, \$390.0 million drawn under the revolving credit facility and \$1.25 billion outstanding under the term loan facilities, with total undrawn capacity of \$860.0 million under the 2021 credit facility. As of December 31, 2021 and December 31, 2020, the revolving credit facility had a carrying value of \$381.3 million and \$105.3 million, respectively, net of deferred financing costs. As of December 31, 2021 and December 31, 2020, the term loan facilities had a carrying value of \$1.2 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 2021 credit facility.

The 2021 credit facility includes certain restrictions and covenants (see Restrictive Covenants below).

Federal Home Loan Bank of New York ("FHLB") Facility

As of December 31, 2020, the Company's wholly-owned subsidiary, Ticonderoga Insurance Company, or Ticonderoga, a Vermont licensed captive insurance company, was a member of the Federal Home Loan Bank of New York, or FHLB NY. As a member, Ticonderoga was able to borrow funds from the FHLB NY in the form of secured advances that bore interest at a floating rate. As a result of a Final Ruling from the Federal Housing Finance Authority, the regulator of the Federal Home Loan Bank system, all captive insurance company memberships were terminated as of February 2021. As such, all advances to Ticonderoga were repaid prior to such termination.

Master Repurchase Agreement

The Company entered into a Master Repurchase Agreement, or MRA, known as the 2017 MRA, which provides us with the ability to sell certain mortgage 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 facility 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 collateralize 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. As of December 31, 2021, there have been no margin calls on the 2017 MRA.

In April 2018, we increased the maximum facility capacity from \$300.0 million 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 is scheduled to mature in June 2022. As of December 31, 2021, the facility had no outstanding balance.

Senior Unsecured Notes

The following table sets forth our senior unsecured notes and other related disclosures as of December 31, 2021 and 2020, respectively, by scheduled maturity date (dollars in thousands):

Issuance	December 31, 2021 Unpaid Principal Balance	December 31, 2021 Accreted Balance	December 31, 2020 Accreted Balance	Interest Rate (1)	Initial Term (in Years)	Maturity Date
October 5, 2017 ⁽²⁾	\$ 500,000	\$ 499,913	\$ 499,803	3.25 %	5	October 2022
November 15, 2012 ⁽³⁾	300,000	301,002	302,086	4.50 %	10	December 2022
December 17, 2015 ⁽⁴⁾	100,000	100,000	100,000	4.27 %	10	December 2025
August 7, 2018	—	—	350,000	— %	3	August 2021
	<u>\$ 900,000</u>	<u>\$ 900,915</u>	<u>\$ 1,251,889</u>			
Deferred financing costs, net		(1,607)	(3,670)			
	<u>\$ 900,000</u>	<u>\$ 899,308</u>	<u>\$ 1,248,219</u>			

(1) Interest rate as of December 31, 2021, taking into account interest rate hedges in effect during the period.

(2) Issued by the Operating Partnership with the Company as the guarantor.

(3) In October 2017, the Company and the Operating Partnership 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% of par.

(4) Issued by the Company and the Operating Partnership as co-obligors.

Restrictive Covenants

The terms of the 2021 credit facility and certain of our senior unsecured notes include certain restrictions and covenants which may limit, among other things, our ability to pay dividends, make certain types of investments, incur additional indebtedness, incur liens and enter into negative pledge agreements and dispose of assets, and which require compliance with financial ratios relating to the maximum ratio of total indebtedness to total asset value, a minimum ratio of EBITDA to fixed charges, a maximum ratio of secured indebtedness to total asset value and a maximum ratio of unsecured indebtedness to unencumbered asset value. The dividend restriction referred to above provides that we will not, during any time when a default is continuing, make distributions with respect to common stock or other equity interests, except to enable the Company to continue to qualify as a REIT for Federal income tax purposes. As of December 31, 2021 and 2020, we were in compliance with all such covenants.

Junior Subordinated Deferrable Interest Debentures

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

Interest Rate Risk

We are exposed to changes in interest rates primarily from our variable rate debt. Our exposure to interest rate fluctuations are managed through either the use of interest rate derivative instruments and/or through our variable rate debt and preferred equity investments. Based on the debt outstanding as of December 31, 2021, a hypothetical 100 basis point increase in the floating rate interest rate curve would increase our consolidated annual interest cost, net of interest income from variable rate debt and preferred equity investments, by \$4.8 million and would increase our share of joint venture annual interest cost by \$13.8 million. As of December 31, 2021, \$295.0 million, or 27.1%, of our \$1.1 billion debt and preferred equity portfolio was indexed to LIBOR.

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

Our long-term debt of \$3.3 billion bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. Our variable rate debt and variable rate joint venture debt as of December 31, 2021 bore interest based on a spread to LIBOR of 120 basis points to 340 basis points, and adjusted Term SOFR of 95 basis points to 105 basis points.

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. A majority 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.

Dividends/Distributions

We expect to pay dividends to our stockholders based on the distributions we receive from our Operating Partnership, which are generated by the collection of property revenues, net of operating expenses, interest on our debt and preferred equity portfolio, and asset sales.

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.

Any dividend we pay may be in the form of cash, stock, or a combination thereof, subject to IRS limitations on the use of stock for dividends. Additionally, if our REIT taxable income in a particular year exceeds the amount of cash dividends we pay in that year, we may pay stock dividends in order to maintain our REIT status and avoid certain REIT-level taxes.

Before we pay any cash dividend, whether for Federal income tax purposes or otherwise, which would only be paid out of available cash to the extent permitted under the 2021 credit facility and senior unsecured notes, we must first meet both our operating requirements and scheduled debt service on our mortgages and loans payable.

Related Party Transactions

Cleaning/ Security/ Messenger and Restoration Services

Alliance Building Services, or Alliance, and its affiliates, which provide services to certain properties owned by us, are partially owned by Gary Green, a son of Stephen L. Green, who serves as a member and as the chairman emeritus of our Board of Directors. 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 \$1.7 million, \$1.4 million and \$3.9 million for the years ended December 31, 2021, 2020 and 2019, respectively.

We also recorded expenses, inclusive of capitalized expenses, of \$14.0 million, \$13.3 million and \$18.8 million for the years ended December 31, 2021, 2020 and 2019, respectively, for these services (excluding services provided directly to tenants).

Management Fees

S.L. Green Management Corp., a consolidated entity, receives property management fees from an entity in which Stephen L. Green owns an interest. We received management fees from this entity of \$0.7 million, \$0.6 million and \$0.6 million for the years ended December 31, 2021, 2020, and 2019 respectively.

One Vanderbilt Avenue Investment

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

Messrs. Holliday and Mathias cannot monetize their interests until after stabilization of the property (50% within three years after stabilization and 100% three years or more after stabilization). In addition, the agreement calls for us to repurchase these interests in the event of a sale of One Vanderbilt or a transactional change of control of the Company. We also have the right to repurchase these interests on the 7-year anniversary of the stabilization of the project or upon the occurrence of certain separation events prior to the stabilization of the project relating to each of Messrs. Holliday's and Mathias's continued service with us. The price paid upon monetization of the interests will equal the liquidation value of the interests at the time, with the value of One Vanderbilt being based on its sale price, if applicable, or fair market value as determined by an independent third party appraiser. As of December 31, 2021, stabilization of the property was achieved.

One Vanderbilt Avenue Leases

In November 2018, we entered into a lease agreement with the One Vanderbilt Avenue joint venture covering certain floors at the property. In March 2021, the lease commenced and we relocated our corporate headquarters to the leased space. For the year ended December 31, 2021, we recorded \$2.4 million of rent expense under the lease. Additionally, in June 2021, we entered into a lease agreement with the One Vanderbilt joint venture for SUMMIT One Vanderbilt, which commenced in October 2021. For the year ended December 31, 2021, we recorded \$5.0 million of rent expense under the lease. See Note 20, "Commitments and Contingencies."

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 development projects. Additionally, one of our captive insurance companies, Belmont Insurance Company, or Belmont, provides coverage for NBCR terrorist acts above a specified trigger. Belmont's retention is reinsured by our other captive insurance company, Ticonderoga Insurance Company ("Ticonderoga"). If Belmont or Ticonderoga are required to pay a claim under our insurance policies, we would ultimately record the loss to the extent of required payments. 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 our debt 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 and Ticonderoga provide 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 financial measure of REIT performance. The Company computes FFO in accordance with standards established by 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 in December 2018, defines FFO as net income (loss) (computed in accordance with 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 compensation 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 real estate related impairment charges, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, and interest costs, providing perspective not immediately apparent from net income. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP), as an indication of the Company's financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs, including our ability to make cash distributions.

FFO for the years ended December 31, 2021, 2020, and 2019 are as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Net income attributable to SL Green common stockholders	\$ 434,804	\$ 356,105	\$ 255,484
Add:			
Depreciation and amortization	216,869	313,668	272,358
Joint venture depreciation and noncontrolling interest adjustments	249,087	205,869	192,426
Net income attributable to noncontrolling interests	23,573	34,956	10,142
Less:			
Equity in net (loss) gain on sale of interest in unconsolidated joint venture/ real estate	(32,757)	2,961	76,181
Depreciable real estate reserves and impairments	(23,794)	(60,454)	(7,047)
Gain on sale of real estate, net	287,417	215,506	(16,749)
Purchase price and other fair value adjustment	209,443	187,522	69,389
Depreciation on non-rental real estate assets	2,790	2,338	2,935
Funds from Operations attributable to SL Green common stockholders and unit holders	<u>\$ 481,234</u>	<u>\$ 562,725</u>	<u>\$ 605,701</u>
Cash flows provided by operating activities	\$ 255,979	\$ 554,236	\$ 376,473
Cash flows provided by investing activities	\$ 993,581	\$ 1,056,430	\$ 114,494
Cash flows used in financing activities	\$ (1,285,371)	\$ (1,479,301)	\$ (528,650)

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 CPI 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.

Climate Change

With our roots in New York City, we are at the center of one of the world's most ambitious climate legislative environments. Through the Climate Leadership and Community Protection Act signed into law in 2019, New York State mandated the adoption of a net-zero carbon economy statewide by 2050, with a zero-carbon electricity grid by 2040. New York City enacted Local Law 97 (LL97) in 2019 under the Climate Mobilization Act, setting carbon caps for large buildings starting in 2024 as part of a broader commitment to reducing greenhouse gas emissions by 40% by 2030, and by 80% by 2050. As our portfolio is principally located in Manhattan, these policy elements represent the most material sources of transition risks relevant to our business.

While SL Green's portfolio has not been substantially affected by climate-related events to New York City real estate, such as Hurricane Sandy in 2012, we have continued to develop our approach to physical climate risk assessment, management, and mitigation in order to manage and minimize the impacts of future events. We have conducted climate-related scenario analyses as part of our first Task Force on Climate-related Financial Disclosures ("TCFD") report published in 2021, which we made available on our website.

We consider the successful management and mitigation of climate-related risks across our portfolio as an opportunity to raise the financial value of our buildings and pass on these benefits to our stakeholders, tenants, and investors. We believe our investments over the last 20 years in energy efficiency improvements and greenhouse gas emissions reductions have minimized the impact of climate legislation on our portfolio and our active development pipeline sets the standard for sustainable new construction and responsible community engagement. We leverage years of operational excellence to incorporate innovative design and technological solutions. We also utilize recommendations from our portfolio-wide New York State Energy Research and Development Authority ("NYSERDA") emissions reduction study to help lower emissions from tenant spaces and base building operations. Together, these measures are expected to minimize our vulnerability to the physical risks of climate change, as well as transition risks covering policy and legal, market, technology, and reputational factors.

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;
- the effect of the on-going COVID-19 pandemic and the duration of the impact it will have on our business and the industry as a whole;
- dependence upon certain geographic markets;
- 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. Except to the extent required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of future events, new information or otherwise.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

The table below presents the principal cash flows based upon maturity dates of our debt obligations and debt and preferred equity investments and the weighted-average interest rates by expected maturity dates, including as-of-right extension options, as of December 31, 2021 (in thousands):

	Long-Term Debt				Debt and Preferred Equity Investments ⁽¹⁾	
	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate	Amount	Weighted Yield
2022	\$ 1,006,538	3.38 %	\$ 251,051	1.85 %	\$ 468,306	10.17 %
2023	6,583	3.42 %	50,000	2.18 %	396,042	4.40 %
2024	478,017	3.39 %	60,000	2.40 %	6,890	— %
2025	100,812	3.32 %	—	2.44 %	30,000	8.40 %
2026	841	3.17 %	390,000	2.57 %	—	— %
Thereafter	1,680,618	2.70 %	50,000	3.08 %	187,485	6.94 %
Total	<u>\$ 3,273,409</u>	<u>3.35 %</u>	<u>\$ 801,051</u>	<u>2.22 %</u>	<u>\$ 1,088,723</u>	<u>7.40 %</u>
Fair Value	<u>\$ 3,336,463</u>		<u>\$ 800,672</u>			

(1) Our debt and preferred equity investments had an estimated fair value ranging between \$1.0 billion and \$1.1 billion as of December 31, 2021.

The table below presents the principal cash flows based upon maturity dates of our share of our joint venture debt obligations and the weighted-average interest rates by expected maturity dates as of December 31, 2021 (in thousands):

	Long Term Debt			
	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate
2022	\$ 220,358	3.63 %	\$ 205,699	2.61 %
2023	270,610	3.47 %	480,086	3.77 %
2024	16,494	3.41 %	600,016	4.14 %
2025	1,261,456	3.32 %	129,729	5.40 %
2026	107,214	3.18 %	43,272	6.18 %
Thereafter	2,435,792	2.93 %	121	5.57 %
Total	<u>\$ 4,311,924</u>	<u>3.43 %</u>	<u>\$ 1,458,923</u>	<u>3.40 %</u>
Fair Value	<u>\$ 4,233,695</u>		<u>\$ 1,461,761</u>	

The table below lists our consolidated derivative instruments, which are hedging variable rate debt, and their related fair values as of December 31, 2021 (in thousands):

	<u>Asset Hedged</u>	<u>Benchmark Rate</u>	<u>Notional Value</u>	<u>Strike Rate</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Fair Value</u>
Interest Rate Cap	Mortgage	LIBOR	\$ 85,000	4.000 %	March 2021	March 2022	\$ —
Interest Rate Cap	Mortgage	LIBOR	111,869	3.500 %	November 2021	November 2022	1
Interest Rate Swap	Credit Facility	SOFR	100,000	0.212 %	January 2021	January 2023	376
Interest Rate Swap	Mortgage	LIBOR	400,000	0.184 %	January 2022	February 2023	1,519
Interest Rate Swap	Mortgage	LIBOR	100,000	1.161 %	November 2021	July 2023	(733)
Interest Rate Swap	Credit Facility	SOFR	200,000	1.131 %	November 2021	July 2023	(1,371)
Interest Rate Swap	Credit Facility	SOFR	150,000	2.696 %	December 2021	January 2024	(5,625)
Interest Rate Swap	Credit Facility	SOFR	150,000	2.721 %	December 2021	January 2026	(9,369)
Interest Rate Swap	Credit Facility	SOFR	200,000	2.740 %	December 2021	January 2026	(12,814)
Total Consolidated Hedges							<u>\$ (28,016)</u>

In addition to these derivative instruments, some of our joint venture loan agreements require the joint venture to purchase interest rate caps on its debt. All such interest rate caps represented an asset of \$8.8 million in the aggregate as of December 31, 2021. We also swapped certain floating rate debt at some of our joint ventures. These swaps represented a liability of \$3.6 million in the aggregate as of December 31, 2021.

	<u>Asset Hedged</u>	<u>Benchmark Rate</u>	<u>Notional Value</u>	<u>Strike Rate</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Fair Value</u>
Interest Rate Cap	Mortgage	LIBOR	\$ 220,000	4.000 %	February 2020	February 2022	\$ —
Interest Rate Cap	Mortgage	LIBOR	1,075,000	2.850 %	September 2021	September 2022	5
Interest Rate Cap	Mortgage	LIBOR	125,000	2.850 %	September 2021	September 2022	1
Interest Rate Cap	Mortgage	LIBOR	23,000	4.750 %	January 2021	January 2023	1
Interest Rate Cap	Mortgage	LIBOR	510,000	3.000 %	December 2021	June 2023	155
Interest Rate Cap	Mortgage	LIBOR	1,250,000	1.250 %	November 2020	October 2024	8,657
Interest Rate Swap	Mortgage	LIBOR	177,000	1.669 %	March 2016	February 2026	(3,560)
Total Unconsolidated Hedges							<u>\$ 5,259</u>

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

	December 31, 2021	December 31, 2020
<u>Assets</u>		
Commercial real estate properties, at cost:		
Land and land interests	\$ 1,350,701	\$ 1,315,832
Building and improvements	3,671,402	4,168,193
Building leasehold and improvements	1,645,081	1,448,134
Right of use asset - financing leases	—	55,711
Right of use asset - operating leases	983,723	367,209
	7,650,907	7,355,079
Less: accumulated depreciation	(1,896,199)	(1,956,077)
	5,754,708	5,399,002
Assets held for sale	140,855	—
Cash and cash equivalents	251,417	266,059
Restricted cash	85,567	106,736
Investments in marketable securities	34,752	28,570
Tenant and other receivables	47,616	44,507
Related party receivables	29,408	34,657
Deferred rents receivable	248,313	302,791
Debt and preferred equity investments, net of discounts and deferred origination fees of \$5,057 and \$11,232 and allowances of \$6,630 and \$13,213 in 2021 and 2020, respectively	1,088,723	1,076,542
Investments in unconsolidated joint ventures	2,997,934	3,823,322
Deferred costs, net	124,495	177,168
Other assets	262,841	448,213
Total assets ⁽¹⁾	\$ 11,066,629	\$ 11,707,567
<u>Liabilities</u>		
Mortgages and other loans payable, net	\$ 1,394,386	\$ 1,979,972
Revolving credit facility, net	381,334	105,262
Unsecured term loans, net	1,242,002	1,495,275
Unsecured notes, net	899,308	1,248,219
Accrued interest payable	12,698	14,825
Other liabilities	195,390	302,798
Accounts payable and accrued expenses	157,571	151,309
Deferred revenue	107,275	118,572
Lease liability - financing leases	102,914	152,521
Lease liability - operating leases	851,370	339,458
Dividend and distributions payable	187,372	149,294
Security deposits	52,309	53,836
Liabilities related to assets held for sale	64,120	—
Junior subordinated deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
Total liabilities ⁽¹⁾	5,748,049	6,211,341
Commitments and contingencies		
Noncontrolling interests in Operating Partnership	344,252	358,262
Preferred units	196,075	202,169

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

	December 31, 2021	December 31, 2020
Equity		
SL Green stockholders' equity:		
Series I Preferred Stock, \$0.01 par value, \$25.00 liquidation preference, 9,200 issued and outstanding at both December 31, 2021 and 2020	221,932	221,932
Common stock, \$0.01 par value, 160,000 shares authorized and 65,132 and 67,470 issued and outstanding at December 31, 2021 and 2020, respectively (including 1,027 and 996 shares held in treasury at December 31, 2021 and 2020, respectively)	672	716
Additional paid-in-capital	3,739,409	3,862,949
Treasury stock at cost	(126,160)	(124,049)
Accumulated other comprehensive loss	(46,758)	(67,247)
Retained earnings	975,781	1,015,462
Total SL Green stockholders' equity	4,764,876	4,909,763
Noncontrolling interests in other partnerships	13,377	26,032
Total equity	4,778,253	4,935,795
Total liabilities and equity	\$ 11,066,629	\$ 11,707,567

⁽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: \$193.4 million and \$41.2 million of land, \$336.9 million and \$57.9 million of building and improvements, \$— million and \$2.0 million of building and leasehold improvements, \$15.4 million and \$37.8 million of right of use assets, \$11.7 million and \$10.3 million of accumulated depreciation, \$574.4 million and \$289.5 million of other assets included in other line items, \$418.9 million and \$94.0 million of real estate debt, net, \$0.8 million and \$0.7 million of accrued interest payable, \$15.3 million and \$29.9 million of lease liabilities, and \$145.2 million and \$56.6 million of other liabilities included in other line items as of December 31, 2021 and December 31, 2020, respectively.

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

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

	Year Ended December 31,		
	2021	2020	2019
Revenues			
Rental revenue, net	\$ 678,176	\$ 804,423	\$ 983,557
Investment income	80,340	120,163	195,590
Other income	85,475	128,158	59,848
Total revenues	<u>843,991</u>	<u>1,052,744</u>	<u>1,238,995</u>
Expenses			
Operating expenses, including related party expenses of \$12,377 in 2021, \$12,643 in 2020 and \$18,106 in 2019	167,153	183,200	234,676
Real estate taxes	152,835	176,315	190,764
Operating lease rent	26,554	29,043	33,188
Interest expense, net of interest income	70,891	116,679	190,521
Amortization of deferred financing costs	11,424	11,794	11,653
Depreciation and amortization	216,869	313,668	272,358
Loan loss and other investment reserves, net of recoveries	2,931	35,298	—
Transaction related costs	3,773	503	729
Marketing, general and administrative	94,912	91,826	100,875
Total expenses	<u>747,342</u>	<u>958,326</u>	<u>1,034,764</u>
Equity in net loss from unconsolidated joint ventures	(55,402)	(25,195)	(34,518)
Equity in net (loss) gain on sale of interest in unconsolidated joint venture/real estate	(32,757)	2,961	76,181
Purchase price and other fair value adjustment	210,070	187,522	69,389
Gain on sale of real estate, net	287,417	215,506	(16,749)
Depreciable real estate reserves and impairments	(23,794)	(60,454)	(7,047)
Loss on early extinguishment of debt	(1,551)	—	—
Net income	<u>480,632</u>	<u>414,758</u>	<u>291,487</u>
Net income attributable to noncontrolling interests:			
Noncontrolling interests in the Operating Partnership	(25,457)	(20,016)	(13,301)
Noncontrolling interests in other partnerships	1,884	(14,940)	3,159
Preferred units distributions	(7,305)	(8,747)	(10,911)
Net income attributable to SL Green	<u>449,754</u>	<u>371,055</u>	<u>270,434</u>
Perpetual preferred stock dividends	(14,950)	(14,950)	(14,950)
Net income attributable to SL Green common stockholders	<u>\$ 434,804</u>	<u>\$ 356,105</u>	<u>\$ 255,484</u>
Basic earnings per share:	\$ 6.57	\$ 5.03	\$ 3.29
Diluted earnings per share:	\$ 6.50	\$ 5.01	\$ 3.28
Basic weighted average common shares outstanding	65,740	70,397	77,057
Diluted weighted average common shares and common share equivalents outstanding	70,769	75,078	81,865

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

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

	Year Ended December 31,		
	2021	2020	2019
Net income	\$ 480,632	\$ 414,758	\$ 291,487
Other comprehensive loss:			
Increase (decrease) in unrealized value of derivative instruments, including SL Green's share of joint venture derivative instruments	21,427	(39,743)	(47,118)
Increase (decrease) in unrealized value of marketable securities	104	(1,318)	1,249
Other comprehensive income (loss)	21,531	(41,061)	(45,869)
Comprehensive income	502,163	373,697	245,618
Net income attributable to noncontrolling interests and preferred units distributions	(30,878)	(43,703)	(21,053)
Other comprehensive (income) loss attributable to noncontrolling interests	(1,042)	2,299	2,276
Comprehensive income attributable to SL Green	\$ 470,243	\$ 332,293	\$ 226,841

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

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

SL Green Realty Corp. Stockholders

	<u>Common Stock</u>				Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total
	Series I Preferred Stock	Shares (1)	Par Value	Additional Paid-In-Capital					
Balance at December 31, 2018	\$ 221,932	78,897	\$ 847	\$4,508,685	\$ (124,049)	\$ 15,108	\$1,278,998	\$ 46,334	\$5,947,855
Net income							270,434	(3,159)	267,275
Acquisition of subsidiary interest from noncontrolling interest				(569)				(25,276)	(25,845)
Other comprehensive loss						(43,593)			(43,593)
Preferred dividends							(14,950)		(14,950)
DRSPP proceeds		4		334					334
Conversion of units in the Operating Partnership for common stock		5		471					471
Reallocation of noncontrolling interest in the Operating Partnership							(34,320)		(34,320)
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		99	2	25,761					25,763
Repurchases of common stock		(4,333)	(46)	(248,287)			(136,066)		(384,399)
Contributions to consolidated joint venture interests								58,462	58,462
Cash distributions to noncontrolling interests								(478)	(478)
Cash distributions declared (\$3.6434 per common share, none of which represented a return of capital for federal income tax purposes)							(279,377)		(279,377)
Balance at December 31, 2019	\$ 221,932	74,672	\$ 803	\$4,286,395	\$ (124,049)	\$ (28,485)	\$1,084,719	\$ 75,883	\$5,517,198
Cumulative adjustment upon adoption of ASC 326							(39,184)		(39,184)
Balance at January 1, 2020	\$ 221,932	74,672	\$ 803	\$4,286,395	\$ (124,049)	\$ (28,485)	\$1,045,535	\$ 75,883	\$5,478,014
Net income							371,055	14,940	385,995
Acquisition of subsidiary interest from noncontrolling interest				(3,123)				1,587	(1,536)
Other comprehensive loss						(38,762)			(38,762)
Preferred dividends							(14,950)		(14,950)
DRSPP proceeds		16		1,006					1,006
Conversion of units in the Operating Partnership for common stock		95	1	8,743					8,744
Reallocation of noncontrolling interest in the Operating Partnership							32,598		32,598
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		(33)	—	25,271					25,271
Repurchases of common stock		(8,276)	(88)	(455,343)			(76,831)		(532,262)
Contributions to consolidated joint venture interests								12,477	12,477
Cash distributions to noncontrolling interests								(78,855)	(78,855)
Cash distributions declared (\$4.9374 per common share, none of which represented a return of capital for federal income tax purposes)							(341,945)		(341,945)
Balance at December 31, 2020	\$ 221,932	66,474	\$ 716	\$3,862,949	\$ (124,049)	\$ (67,247)	\$1,015,462	\$ 26,032	\$4,935,795
Net income							449,754	(1,884)	447,870
Other comprehensive income						20,489			20,489
Preferred dividends							(14,950)		(14,950)
DRSPP proceeds		11		738					738
Reallocation of noncontrolling interest in the Operating Partnership							(9,851)		(9,851)
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		108	2	32,581					32,583
Repurchases of common stock		(4,474)	(46)	(281,206)			(56,372)		(337,624)
Proceeds from stock options exercised		12		818					818
Contributions to consolidated joint venture interests								336	336
Sale of interest in partially owned entity								(4,476)	(4,476)
Cash distributions to noncontrolling interests								(6,631)	(6,631)

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

SL Green Realty Corp. Stockholders

	<u>Common Stock</u>				Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total
	Series I Preferred Stock	Shares (1)	Par Value	Additional Paid- In-Capital				
Issuance of special dividend paid primarily in stock		1,974		123,529	(2,111)	2,111		123,529
Cash distributions declared (\$6.2729 per common share, none of which represented a return of capital for federal income tax purposes)						(410,373)		(410,373)
Balance at December 31, 2021	<u>\$ 221,932</u>	<u>64,105</u>	<u>\$ 672</u>	<u>\$3,739,409</u>	<u>\$ (126,160)</u>	<u>\$ 975,781</u>	<u>\$ 13,377</u>	<u>\$4,778,253</u>

- (1) On January 18, 2022, we completed a reverse stock split whereby every 1.03060 SL Green common share was combined into 1 SL Green common share. We have retroactively adjusted the outstanding share counts, share activity, cash distributions declared, and earnings per share, as if the reverse split occurred on December 31, 2018.

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

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

	Year Ended December 31,		
	2021	2020	2019
Operating Activities			
Net income	\$ 480,632	\$ 414,758	\$ 291,487
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	228,293	325,462	284,011
Equity in net loss from unconsolidated joint ventures	55,402	25,195	34,518
Distributions of cumulative earnings from unconsolidated joint ventures	824	679	864
Equity in net loss (gain) on sale of interest in unconsolidated joint venture interest/real estate	32,757	(2,961)	(76,181)
Purchase price and other fair value adjustments	(210,070)	(187,522)	(69,389)
Depreciable real estate reserves and impairments	23,794	60,454	7,047
(Gain) loss on sale of real estate, net	(287,417)	(215,506)	16,749
Loan loss reserves and other investment reserves, net of recoveries	2,931	35,298	—
Loss on early extinguishment of debt	1,551	—	—
Deferred rents receivable	(6,701)	(7,582)	(13,941)
Non-cash lease expense	17,234	11,984	13,744
Other non-cash adjustments	37,164	15,178	271
Changes in operating assets and liabilities:			
Tenant and other receivables	(20,561)	(17,074)	(4,968)
Related party receivables	(8,727)	1,451	7,802
Deferred lease costs	(10,117)	(20,900)	(70,938)
Other assets	20,345	(26,137)	(18,630)
Accounts payable, accrued expenses, other liabilities and security deposits	(66,387)	132,171	(25,597)
Deferred revenue	(1,727)	20,657	10,824
Change in lease liability - operating leases	(33,241)	(11,369)	(11,200)
Net cash provided by operating activities	<u>255,979</u>	<u>554,236</u>	<u>376,473</u>
Investing Activities			
Acquisitions of real estate property	\$ (152,791)	\$ (86,846)	\$ (262,591)
Additions to land, buildings and improvements	(302,486)	(458,140)	(252,986)
Acquisition deposits and deferred purchase price	—	—	(5,239)
Investments in unconsolidated joint ventures	(88,872)	(70,315)	(128,682)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	770,604	124,572	79,020
Net proceeds from disposition of real estate/joint venture interest	651,594	1,112,382	208,302
Cash assumed from consolidation of real estate investment	9,475	—	—
Proceeds from sale or redemption of marketable securities	4,528	—	—
Purchases of marketable securities	(10,000)	—	—
Other investments	40,200	32,479	(7,869)
Origination of debt and preferred equity investments	(95,695)	(360,953)	(607,844)
Repayments or redemption of debt and preferred equity investments	167,024	763,251	1,092,383
Net cash provided by investing activities	<u>993,581</u>	<u>1,056,430</u>	<u>114,494</u>

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

	Year Ended December 31,		
	2021	2020	2019
Financing Activities			
Proceeds from mortgages and other loans payable	\$ 39,689	\$ 1,181,892	\$ 752,984
Repayments of mortgages and other loans payable	(375,044)	(1,186,828)	(230,076)
Proceeds from revolving credit facility and senior unsecured notes	1,488,000	1,495,000	1,310,000
Repayments of revolving credit facility and senior unsecured notes	(1,808,000)	(1,875,000)	(1,570,000)
Proceeds from stock options exercised and DRSP issuance	1,556	1,006	334
Repurchase of common stock	(341,403)	(528,483)	(384,399)
Redemption of preferred stock	(6,040)	(82,750)	(18,142)
Redemption of OP units	(25,703)	(27,342)	(27,495)
Distributions to noncontrolling interests in other partnerships	(6,631)	(85,468)	(478)
Contributions from noncontrolling interests in other partnerships	336	12,477	10,239
Acquisition of subsidiary interest from noncontrolling interest	—	(1,536)	(25,845)
Distributions to noncontrolling interests in the Operating Partnership	(15,749)	(12,652)	(14,729)
Dividends paid on common and preferred stock	(271,075)	(293,996)	(306,386)
Other obligation related to secured borrowing	51,862	—	—
Tax withholdings related to restricted share awards	(2,990)	(4,752)	(3,495)
Deferred loan costs	(13,745)	(70,036)	(21,162)
Principal payments of on financing lease liabilities	(434)	(833)	—
Net cash used in financing activities	<u>(1,285,371)</u>	<u>(1,479,301)</u>	<u>(528,650)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	<u>(35,811)</u>	<u>131,365</u>	<u>(37,683)</u>
Cash, cash equivalents, and restricted cash at beginning of year	<u>372,795</u>	<u>241,430</u>	<u>279,113</u>
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 336,984</u>	<u>\$ 372,795</u>	<u>\$ 241,430</u>

Supplemental cash flow disclosures:

Interest paid	\$ 152,773	\$ 201,348	\$ 248,684
Income taxes paid	\$ 4,405	\$ 2,296	\$ 1,489

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Conversion of units in the Operating Partnership	\$ —	\$ 8,744	\$ 471
Redemption of units in the Operating Partnership for a joint venture sale	27,586	—	—
Exchange of preferred equity investment for real estate or equity in joint venture	—	119,497	—
Exchange of debt investment for real estate or equity in joint venture	9,468	122,796	34,498
Assumption of mortgage loan	60,000	—	—
Issuance of special dividend paid primarily in stock	121,418	—	—
Issuance of preferred units relating to a real estate acquisition	—	—	1,000
Tenant improvements and capital expenditures payable	7,580	1,665	6,056
Fair value adjustment to noncontrolling interest in the Operating Partnership	9,851	32,598	34,320
Deconsolidation of a subsidiary	66,837	854,437	395
Deconsolidation of a subsidiary mortgage	510,000	5,593	—
Mortgages assumed in connection with sale of real estate	—	250,000	—
Seller financed purchases	—	100,000	—
Debt and preferred equity investments	8,372	9,014	—
Transfer of assets related to assets held for sale	140,855	—	391,664
Reversal of assets held for sale	—	391,664	—

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

	Year Ended December 31,		
	2021	2020	2019
Transfer of liabilities related to assets held for sale	64,120	—	—
Extinguishment of debt in connection with property dispositions	53,548	—	—
Consolidation of real estate investment	119,444	—	—
Removal of fully depreciated commercial real estate properties	19,831	66,169	19,577
Sale of interest in partially owned entity	4,476	—	—
Contribution to consolidated joint venture by noncontrolling interest	—	—	48,223
Distributions to noncontrolling interests	358	6,613	—
Share repurchase payable	—	3,779	—
Recognition of sales-type leases and related lease liabilities	—	119,725	—
Recognition of right of use assets and related lease liabilities	537,344	61,990	389,120

In December 2021, the Company declared a regular monthly distribution per share of \$0.3108 (\$0.3203 reflecting reverse stock split noted in Note 1, "Organization and Basis of Presentation") that was paid in cash and a special distribution per share of \$2.4392 (\$2.5138 reflecting reverse stock split noted in Note 1, "Organization and Basis of Presentation") that was paid entirely in stock. These distributions were paid in January 2022. In December 2020, the Company declared a regular monthly distribution per share of \$0.3217 that was paid in cash and a special distribution per share of \$1.7996 that was paid entirely in stock. These distributions were paid in January 2021. In December 2019, the Company declared a quarterly distribution per share of \$0.9387. This distribution was paid in January 2020. These distribution amounts have been retroactively adjusted to reflect the reverse stock split that was effectuated in January 2022.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	Year Ended		
	2021	2020	2019
Cash and cash equivalents	\$ 251,417	\$ 266,059	\$ 166,070
Restricted cash	85,567	106,736	75,360
Total cash, cash equivalents, and restricted cash	\$ 336,984	\$ 372,795	\$ 241,430

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

SL Green Operating Partnership, L.P.
Consolidated Balance Sheets
(in thousands, except per unit data)

	December 31, 2021	December 31, 2020
<u>Assets</u>		
Commercial real estate properties, at cost:		
Land and land interests	\$ 1,350,701	\$ 1,315,832
Building and improvements	3,671,402	4,168,193
Building leasehold and improvements	1,645,081	1,448,134
Right of use asset - financing leases	—	55,711
Right of use asset - operating leases	983,723	367,209
	7,650,907	7,355,079
Less: accumulated depreciation	(1,896,199)	(1,956,077)
	5,754,708	5,399,002
Assets held for sale	140,855	—
Cash and cash equivalents	251,417	266,059
Restricted cash	85,567	106,736
Investments in marketable securities	34,752	28,570
Tenant and other receivables	47,616	44,507
Related party receivables	29,408	34,657
Deferred rents receivable	248,313	302,791
Debt and preferred equity investments, net of discounts and deferred origination fees of \$5,057 and \$11,232 and allowances of \$6,630 and \$13,213 in 2021 and 2020, respectively	1,088,723	1,076,542
Investments in unconsolidated joint ventures	2,997,934	3,823,322
Deferred costs, net	124,495	177,168
Other assets	262,841	448,213
Total assets ⁽¹⁾	\$ 11,066,629	\$ 11,707,567
<u>Liabilities</u>		
Mortgages and other loans payable, net	\$ 1,394,386	\$ 1,979,972
Revolving credit facility, net	381,334	105,262
Unsecured term loans, net	1,242,002	1,495,275
Unsecured notes, net	899,308	1,248,219
Accrued interest payable	12,698	14,825
Other liabilities	195,390	302,798
Accounts payable and accrued expenses	157,571	151,309
Deferred revenue	107,275	118,572
Lease liability - financing leases	102,914	152,521
Lease liability - operating leases	851,370	339,458
Dividend and distributions payable	187,372	149,294
Security deposits	52,309	53,836
Liabilities related to assets held for sale	64,120	—
Junior subordinated deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
Total liabilities ⁽¹⁾	5,748,049	6,211,341
Commitments and contingencies		
Limited partner interests in SLGOP (3,782 and 3,939 limited partner common units outstanding at December 31, 2021 and 2020, respectively)	344,252	358,262
Preferred units	196,075	202,169

SL Green Operating Partnership, L.P.
Consolidated Balance Sheets
(in thousands, except per unit data)

	December 31, 2021	December 31, 2020
Capital		
SLGOP partners' capital:		
Series I Preferred Units, \$25.00 liquidation preference, 9,200 issued and outstanding at both December 31, 2021 and 2020	221,932	221,932
SL Green partners' capital (677 and 703 general partner common units, and 63,428 and 65,771 limited partner common units outstanding at December 31, 2021 and 2020, respectively)	4,589,702	4,755,078
Accumulated other comprehensive loss	(46,758)	(67,247)
Total SLGOP partners' capital	4,764,876	4,909,763
Noncontrolling interests in other partnerships	13,377	26,032
Total capital	4,778,253	4,935,795
Total liabilities and capital	\$ 11,066,629	\$ 11,707,567

⁽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: \$193.4 million and \$41.2 million of land, \$336.9 million and \$57.9 million of building and improvements, \$— million and \$2.0 million of building and leasehold improvements, \$15.4 million and \$37.8 million of right of use assets, \$11.7 million and \$10.3 million of accumulated depreciation, \$574.4 million and \$289.5 million of other assets included in other line items, \$418.9 million and \$94.0 million of real estate debt, net, \$0.8 million and \$0.7 million of accrued interest payable, \$15.3 million and \$29.9 million of lease liabilities, and \$145.2 million and \$56.6 million of other liabilities included in other line items as of December 31, 2021 and December 31, 2020, respectively.

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

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

	Year Ended December 31,		
	2021	2020	2019
Revenues			
Rental revenue, net	\$ 678,176	\$ 804,423	\$ 983,557
Investment income	80,340	120,163	195,590
Other income	85,475	128,158	59,848
Total revenues	<u>843,991</u>	<u>1,052,744</u>	<u>1,238,995</u>
Expenses			
Operating expenses, including related party expenses of \$12,377 in 2021, \$12,643 in 2020 and \$18,106 in 2019	167,153	183,200	234,676
Real estate taxes	152,835	176,315	190,764
Operating lease rent	26,554	29,043	33,188
Interest expense, net of interest income	70,891	116,679	190,521
Amortization of deferred financing costs	11,424	11,794	11,653
Depreciation and amortization	216,869	313,668	272,358
Loan loss and other investment reserves, net of recoveries	2,931	35,298	—
Transaction related costs	3,773	503	729
Marketing, general and administrative	94,912	91,826	100,875
Total expenses	<u>747,342</u>	<u>958,326</u>	<u>1,034,764</u>
Equity in net loss from unconsolidated joint ventures	(55,402)	(25,195)	(34,518)
Equity in net (loss) gain on sale of interest in unconsolidated joint venture/real estate	(32,757)	2,961	76,181
Purchase price and other fair value adjustment	210,070	187,522	69,389
Gain on sale of real estate, net	287,417	215,506	(16,749)
Depreciable real estate reserves and impairments	(23,794)	(60,454)	(7,047)
Loss on early extinguishment of debt	(1,551)	—	—
Net income	<u>480,632</u>	<u>414,758</u>	<u>291,487</u>
Net loss (income) attributable to noncontrolling interests in other partnerships	1,884	(14,940)	3,159
Preferred unit distributions	(7,305)	(8,747)	(10,911)
Net income attributable to SLGOP	<u>475,211</u>	<u>391,071</u>	<u>283,735</u>
Perpetual preferred stock dividends	(14,950)	(14,950)	(14,950)
Net income attributable to SLGOP common unitholders	<u>\$ 460,261</u>	<u>\$ 376,121</u>	<u>\$ 268,785</u>
Basic earnings per unit:	\$ 6.57	\$ 5.03	\$ 3.29
Diluted earnings per unit:	\$ 6.50	\$ 5.01	\$ 3.28
Basic weighted average common units outstanding	69,727	74,493	81,332
Diluted weighted average common units and common unit equivalents outstanding	70,769	75,078	81,865

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

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

	Year Ended December 31,		
	2021	2020	2019
Net income	\$ 480,632	\$ 414,758	\$ 291,487
Other comprehensive loss:			
Increase (decrease) in unrealized value of derivative instruments, including SLGOP's share of joint venture derivative instruments	21,427	(39,743)	(47,118)
Increase (decrease) in unrealized value of marketable securities	104	(1,318)	1,249
Other comprehensive income (loss)	21,531	(41,061)	(45,869)
Comprehensive income	502,163	373,697	245,618
Net loss (income) attributable to noncontrolling interests	1,884	(14,940)	3,159
Other comprehensive (income) loss attributable to noncontrolling interests	(1,042)	2,299	2,276
Comprehensive income attributable to SLGOP	\$ 503,005	\$ 361,056	\$ 251,053

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

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

	SL Green Operating Partnership Unitholders					Total
	Series I Preferred Units	Partners' Interest		Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	
		Common Units (1)	Common Unitholders			
Balance at December 31, 2018	\$ 221,932	78,897	\$ 5,664,481	\$ 15,108	\$ 46,334	\$5,947,855
Net income			270,434		(3,159)	267,275
Acquisition of subsidiary interest from noncontrolling interest			(569)		(25,276)	(25,845)
Other comprehensive loss				(43,593)		(43,593)
Preferred distributions			(14,950)			(14,950)
DRSPP proceeds		4	334			334
Conversion of common units		5	471			471
Reallocation of noncontrolling interests in the operating partnership			(34,320)			(34,320)
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		99	25,763			25,763
Repurchases of common units		(4,333)	(384,399)			(384,399)
Contributions to consolidated joint venture interests					58,462	58,462
Cash distributions to noncontrolling interests					(478)	(478)
Cash distributions declared (\$3.6434 per common unit, none of which represented a return of capital for federal income tax purposes)			(279,377)			(279,377)
Balance at December 31, 2019	\$ 221,932	74,672	\$ 5,247,868	\$ (28,485)	\$ 75,883	\$5,517,198
Cumulative adjustment upon adoption of ASC 326			(39,184)			(39,184)
Balance at January 1, 2020	\$ 221,932	74,672	\$ 5,208,684	\$ (28,485)	\$ 75,883	\$5,478,014
Net income			371,055		14,940	385,995
Acquisition of subsidiary interest from noncontrolling interest			(3,123)		1,587	(1,536)
Other comprehensive loss				(38,762)		(38,762)
Preferred distributions			(14,950)			(14,950)
DRSPP proceeds		16	1,006			1,006
Conversion of common units		95	8,744			8,744
Reallocation of noncontrolling interest in the operating partnership			32,598			32,598
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		(33)	25,271			25,271
Repurchases of common units		(8,276)	(532,262)			(532,262)
Contributions to consolidated joint venture interests					12,477	12,477
Cash distributions to noncontrolling interests					(78,855)	(78,855)
Cash distributions declared (\$4.9374 per common unit, none of which represented a return of capital for federal income tax purposes)			(341,945)			(341,945)
Balance at December 31, 2020	\$ 221,932	66,474	\$ 4,755,078	\$ (67,247)	\$ 26,032	\$4,935,795
Net income			449,754		(1,884)	447,870
Other comprehensive income				20,489		20,489
Preferred distributions			(14,950)			(14,950)
DRSPP proceeds		11	738			738
Reallocation of noncontrolling interest in the operating partnership			(9,851)			(9,851)
Deferred compensation plan and stock awards, net of forfeitures and tax withholdings		108	32,583			32,583
Repurchases of common units		(4,474)	(337,624)			(337,624)
Proceeds from stock options exercised		12	818			818
Contributions to consolidated joint venture interests					336	336
Sale of interest in partially owned entity					(4,476)	(4,476)
Cash distributions to noncontrolling interests					(6,631)	(6,631)
Issuance of special distribution paid primarily in units		1,974	123,529			123,529
Cash distributions declared (\$6.2729 per common unit, none of which represented a return of capital for federal income tax purposes)			(410,373)			(410,373)
Balance at December 31, 2021	<u>\$ 221,932</u>	<u>64,105</u>	<u>\$ 4,589,702</u>	<u>\$ (46,758)</u>	<u>\$ 13,377</u>	<u>\$4,778,253</u>

- (1) On January 18, 2022, we completed a reverse stock split whereby every 1.03060 SL Green Operating Partnership common unit was combined into 1 SL Green Operating Partnership common unit. We have retroactively adjusted the outstanding unit counts, unit activity, cash distributions declared, and earnings per units, as if the reverse split occurred on December 31, 2018.

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

	Year Ended December 31,		
	2021	2020	2019
Operating Activities			
Net income	\$ 480,632	\$ 414,758	\$ 291,487
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	228,293	325,462	284,011
Equity in net loss from unconsolidated joint ventures	55,402	25,195	34,518
Distributions of cumulative earnings from unconsolidated joint ventures	824	679	864
Equity in net loss (gain) on sale of interest in unconsolidated joint venture interest/real estate	32,757	(2,961)	(76,181)
Purchase price and other fair value adjustments	(210,070)	(187,522)	(69,389)
Depreciable real estate reserves and impairments	23,794	60,454	7,047
(Gain) loss on sale of real estate, net	(287,417)	(215,506)	16,749
Loan loss reserves and other investment reserves, net of recoveries	2,931	35,298	—
Loss on early extinguishment of debt	1,551	—	—
Deferred rents receivable	(6,701)	(7,582)	(13,941)
Non-cash lease expense	17,234	11,984	13,744
Other non-cash adjustments	37,164	15,178	271
Changes in operating assets and liabilities:			
Tenant and other receivables	(20,561)	(17,074)	(4,968)
Related party receivables	(8,727)	1,451	7,802
Deferred lease costs	(10,117)	(20,900)	(70,938)
Other assets	20,345	(26,137)	(18,630)
Accounts payable, accrued expenses, other liabilities and security deposits	(66,387)	132,171	(25,597)
Deferred revenue	(1,727)	20,657	10,824
Change in lease liability - operating leases	(33,241)	(11,369)	(11,200)
Net cash provided by operating activities	<u>255,979</u>	<u>554,236</u>	<u>376,473</u>
Investing Activities			
Acquisitions of real estate property	\$ (152,791)	\$ (86,846)	\$ (262,591)
Additions to land, buildings and improvements	(302,486)	(458,140)	(252,986)
Acquisition deposits and deferred purchase price	—	—	(5,239)
Investments in unconsolidated joint ventures	(88,872)	(70,315)	(128,682)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	770,604	124,572	79,020
Net proceeds from disposition of real estate/joint venture interest	651,594	1,112,382	208,302
Cash assumed from consolidation of real estate investment	9,475	—	—
Proceeds from sale or redemption of marketable securities	4,528	—	—
Purchases of marketable securities	(10,000)	—	—
Other investments	40,200	32,479	(7,869)
Origination of debt and preferred equity investments	(95,695)	(360,953)	(607,844)
Repayments or redemption of debt and preferred equity investments	167,024	763,251	1,092,383
Net cash provided by investing activities	<u>993,581</u>	<u>1,056,430</u>	<u>114,494</u>

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

	Year Ended December 31,		
	2021	2020	2019
Financing Activities			
Proceeds from mortgages and other loans payable	\$ 39,689	\$ 1,181,892	\$ 752,984
Repayments of mortgages and other loans payable	(375,044)	(1,186,828)	(230,076)
Proceeds from revolving credit facility and senior unsecured notes	1,488,000	1,495,000	1,310,000
Repayments of revolving credit facility and senior unsecured notes	(1,808,000)	(1,875,000)	(1,570,000)
Payment of debt extinguishment costs	—	—	—
Proceeds from stock options exercised and DRSP issuance	1,556	1,006	334
Repurchase of common units	(341,403)	(528,483)	(384,399)
Redemption of preferred units	(6,040)	(82,750)	(18,142)
Redemption of OP units	(25,703)	(27,342)	(27,495)
Distributions to noncontrolling interests in other partnerships	(6,631)	(85,468)	(478)
Contributions from noncontrolling interests in other partnerships	336	12,477	10,239
Acquisition of subsidiary interest from noncontrolling interest	—	(1,536)	(25,845)
Distributions paid on common and preferred units	(286,824)	(306,648)	(321,115)
Other obligation related to secured borrowing	51,862	—	—
Tax withholdings related to restricted share awards	(2,990)	(4,752)	(3,495)
Deferred loan costs	(13,745)	(70,036)	(21,162)
Principal payments of on financing lease liabilities	(434)	(833)	—
Net cash used in financing activities	<u>(1,285,371)</u>	<u>(1,479,301)</u>	<u>(528,650)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	<u>(35,811)</u>	<u>131,365</u>	<u>(37,683)</u>
Cash, cash equivalents, and restricted cash at beginning of year	<u>372,795</u>	<u>241,430</u>	<u>279,113</u>
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 336,984</u>	<u>\$ 372,795</u>	<u>\$ 241,430</u>

Supplemental cash flow disclosures:

Interest paid	\$ 152,773	\$ 201,348	\$ 248,684
Income taxes paid	\$ 4,405	\$ 2,296	\$ 1,489

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Conversion of units in the Operating Partnership	\$ —	\$ 8,744	\$ 471
Redemption of units in the Operating Partnership for a joint venture sale	27,586	—	—
Exchange of preferred equity investment for real estate or equity in joint venture	—	119,497	—
Exchange of debt investment for real estate or equity in joint venture	9,468	122,796	34,498
Assumption of mortgage loan	60,000	—	—
Issuance of common units relating to the real estate acquisition	121,418	—	—
Issuance of preferred units relating to a real estate acquisition	—	—	1,000
Tenant improvements and capital expenditures payable	7,580	1,665	6,056
Fair value adjustment to noncontrolling interest in the Operating Partnership	9,851	32,598	34,320
Deconsolidation of a subsidiary	66,837	854,437	395
Deconsolidation of a subsidiary mortgage	510,000	5,593	—
Mortgages assumed in connection with sale of real estate	—	250,000	—
Seller financed purchases	—	100,000	—
Debt and preferred equity investments	8,372	9,014	—
Transfer of assets related to assets held for sale	140,855	—	391,664

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

	Year Ended December 31,		
	2021	2020	2019
Reversal of assets held for sale	—	391,664	—
Transfer of liabilities related to assets held for sale	64,120	—	—
Extinguishment of debt in connection with property dispositions	53,548	—	—
Consolidation of real estate investment	119,444	—	—
Removal of fully depreciated commercial real estate properties	19,831	66,169	19,577
Sale of interest in partially owned entity	4,476	—	—
Contribution to consolidated joint venture by noncontrolling interest	—	—	48,223
Distributions to noncontrolling interests	358	6,613	—
Share repurchase payable	—	3,779	—
Recognition of sales-type leases and related lease liabilities	—	119,725	—
Recognition of right of use assets and related lease liabilities	537,344	61,990	389,120

In December 2021, the Operating Partnership declared a regular monthly distribution per unit of \$0.3108 (\$0.3203 reflecting reverse stock split noted in Note 1, "Organization and Basis of Presentation") that was paid in cash and a special distribution per unit of \$2.4392 (\$2.5138 reflecting reverse stock split noted in Note 1, "Organization and Basis of Presentation") that was paid entirely in units. These distributions were paid in January 2022. In December 2020, the Company declared a regular monthly distribution per unit of \$0.3217 that was paid in cash and a special distribution per unit of \$1.7996 that was paid entirely in units. These distributions were paid in January 2021. In December 2019, the Company declared a quarterly distribution per unit of \$0.9387. This distribution was paid in January 2020. These distribution amounts have been retroactively adjusted to reflect the reverse stock split that was effectuated in January 2022.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	Year Ended		
	2021	2020	2019
Cash and cash equivalents	\$ 251,417	\$ 266,059	\$ 166,070
Restricted cash	85,567	106,736	75,360
Total cash, cash equivalents, and restricted cash	\$ 336,984	\$ 372,795	\$ 241,430

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

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

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 S.L. Green Management Corp, or 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 and S.L. Green Management Corp., respectively, which are 100% owned by the Operating Partnership. The Company has qualified, and expects to qualify in the current fiscal year, as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code, and operates as a self-administered, self-managed REIT. A REIT is a legal entity that holds real estate interests and, through payments of dividends to stockholders, is permitted to minimize the payment of Federal income taxes at the corporate level. Unless the context requires otherwise, all references to "we," "our" and "us" means the Company and all entities owned or controlled by the Company, including the Operating Partnership.

Substantially all of our assets are held by, and all of our operations are conducted through, the Operating Partnership. The Company is the sole managing general partner of the Operating Partnership. As of December 31, 2021, noncontrolling investors held, in the aggregate, a 5.57% limited partnership interest in the Operating Partnership, inclusive of retroactive adjustments to reflect the reverse stock split. 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."

On December 31, 2021, 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		Unconsolidated		Total		Weighted Average Occupancy ⁽¹⁾ (unaudited)
		Number of Buildings	Approximate Square Feet (unaudited)	Number of Buildings	Approximate Square Feet (unaudited)	Number of Buildings	Approximate Square Feet (unaudited)	
Commercial:								
Manhattan	Office	12	8,180,345	10	12,004,183	22	20,184,528	92.1 %
	Retail	2	17,888	9	301,996	11	319,884	91.2 %
	Development/ Redevelopment	8	2,538,284	3	3,275,508	11	5,813,792	N/A
	Fee Interest	1	7,684	—	—	1	7,684	N/A
		23	10,744,201	22	15,581,687	45	26,325,888	92.0 %
Suburban	Office	7	862,800	—	—	7	862,800	78.9 %
Total commercial properties		30	11,607,001	22	15,581,687	52	27,188,688	91.5 %
Residential:								
Manhattan	Residential	1	82,250	6	445,934	7	528,184	97.0 %
Total portfolio		31	11,689,251	28	16,027,621	59	27,716,872	91.6 %

(1) The weighted average occupancy for commercial properties represents the total occupied square footage divided by the total square footage at acquisition. The weighted average occupancy for residential properties represents the total occupied units divided by the total available units. Properties under construction are not included in the calculation of weighted average occupancy.

As of December 31, 2021, we also managed two office buildings owned by third parties encompassing approximately 2.1 million square feet (unaudited), and held debt and preferred equity investments with a book value of \$1.1 billion, excluding \$10.1 million 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.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

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, subject to the priority distributions with respect to preferred units and special provisions that apply to Long Term Incentive Plan ("LTIP") Units. 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.

Subsequent Events

On December 2, 2021, our Board of Directors declared an ordinary dividend of \$0.3108 per share (\$0.3203 per share reflecting reverse stock split noted below) and a special dividend of \$2.4392 per share (\$2.5138 per share reflecting reverse stock split noted below) (together, "the Total Dividend"). The Total Dividend was paid on January 18, 2022 to shareholders of record at the close of business on December 15, 2021 ("the Record Date"). Shareholders had the opportunity to elect to receive the Total Dividend in the form of all cash or all stock, subject to proration if either option was oversubscribed.

To mitigate the dilutive impact of the common stock issued in the special dividend, the board of directors also authorized a reverse stock split, which was effective after markets closed on January 21, 2022. On January 10, 2022, a committee of the Board of Directors calculated the ratio for the reverse stock split of our issued and outstanding shares of common stock as 1.03060-for-1. After the issuance of the dividend and the completion of the reverse stock split, the number of shares of our common stock outstanding was equivalent to the number of total shares outstanding on the Record Date (not including any issuances or repurchases that occurred following the Record Date, as well as any fractional shares that would have been issued but for which cash-in-lieu was paid). However, on a relative basis, some individual shareholders may have more shares of SLG's common stock, and some individual shareholders may have fewer shares of our common stock, depending on their individual elections to receive cash or stock and as a result of the cash option being oversubscribed.

All share-related references and measurements including the number of shares outstanding, share prices, number of shares repurchased, earnings per share, dividends per share, and share-based compensation awards, have been retroactively adjusted to reflect the reverse stock split for all periods presented in this Annual Report on Form 10-K.

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

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

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

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

certain protective rights such as requiring partner approval to sell, finance or refinance the property and the payment of capital expenditures and operating expenditures outside of the approved budget or operating plan.

Investment in Commercial Real Estate Properties

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

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

We allocate the purchase price of real estate to land and building (inclusive of tenant improvements) and, if determined to be material, intangibles, such as the value of above- and below-market leases and origination costs associated with the in-place leases. We depreciate the amount allocated to building (inclusive of tenant improvements) over their estimated useful lives, which generally range from 3 years 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 1 year to 15 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 1 year to 15 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 rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property. To the extent acquired leases contain fixed rate renewal options that are below-market and determined to be material, we amortize such below-market lease value into rental income over the renewal period. As of December 31, 2021, the weighted average amortization period for above-market leases, below-market leases, and in-place lease costs is 5.1 years, 14.3 years, and 3.8 years, respectively.

The Company classifies those leases under which the Company is the lessee at lease commencement as finance or operating leases. Leases qualify as finance leases if the lease transfers ownership of the asset at the end of the lease term, the lease grants an option to purchase the asset that we are reasonably certain to exercise, the lease term is for a major part of the remaining economic life of the asset, or the present value of the lease payments exceeds substantially all of the fair value of the asset. Leases that do not qualify as finance leases are deemed to be operating leases. At lease commencement the Company records a lease liability which is measured as the present value of the lease payments and a right of use asset which is measured as the amount of the lease liability and any initial direct costs incurred. The Company applies a discount rate to determine the present value of the lease payments. If the rate implicit in the lease is known, the Company uses that rate. If the rate implicit in the lease is not known, the Company uses a discount rate reflective of the Company's collateralized borrowing rate given the term of the lease. To determine the discount rate, the Company employs a third party specialist to develop an analysis based primarily on the observable borrowing rates of the Company, other REITs, and other corporate borrowers with long-term borrowings. On the consolidated statements of operations, operating leases are expensed through operating lease rent while financing leases are expensed through amortization and interest expense. When applicable, the Company combines the consideration for lease and non-lease components in the calculation of the value of the lease obligation and right-of-use asset.

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

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

construction activity ceases. We cease capitalization on the portions substantially completed and occupied or held available for occupancy, and capitalize only those costs associated with the portions under construction.

Properties other than Right of use assets - operating leases are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Category	Term
Building (fee ownership)	40 years
Building improvements	shorter of remaining life of the building or useful life
Building (leasehold interest)	lesser of 40 years or remaining term of the lease
Right of use assets - financing leases	lesser of 40 years or remaining lease term
Furniture and fixtures	4 to 7 years
Tenant improvements	shorter of remaining term of the lease or useful life

Right of use assets - operating leases are amortized over the remaining lease term. The amortization is made up of the principal amortization under the lease liability plus or minus the straight-line adjustment of the operating lease rent under ASC 842.

Depreciation expense (including amortization of right of use assets - financing leases) totaled \$187.3 million, \$277.5 million, and \$233.5 million for the years ended December 31, 2021, 2020 and 2019, respectively.

On a periodic basis, we assess whether there are any indications that the value of our real estate properties may be impaired or that their carrying value may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted) 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 fair value of the property as calculated in accordance with Accounting Standards Codification, or ASC 820. We also evaluate our real estate properties for impairment when a property has been classified as held for sale. Real estate assets held for sale are valued at the lower of their carrying value or fair value less costs to sell and depreciation expense is no longer recorded.

For the year ended December 31, 2021, we recognized a reduction of rental revenue of (\$4.2 million) for the amortization of aggregate above-market leases in excess of below-market leases resulting from the allocation of the purchase price of the applicable properties. For the years ended December 31, 2020 and 2019, we recognized \$5.9 million and \$4.5 million, respectively, of rental revenue for the amortization of aggregate below-market leases in excess of above-market leases.

The following summarizes our identified intangible assets (acquired above-market leases and in-place leases) and intangible liabilities (acquired below-market leases) as of December 31, 2021 and 2020 (in thousands):

	December 31,	
	2021	2020
Identified intangible assets (included in other assets):		
Gross amount	\$ 199,722	\$ 215,673
Accumulated amortization	(182,643)	(190,523)
Net ⁽¹⁾	\$ 17,079	\$ 25,150
Identified intangible liabilities (included in deferred revenue):		
Gross amount	\$ 212,767	\$ 241,409
Accumulated amortization	(210,262)	(230,479)
Net ⁽¹⁾	\$ 2,505	\$ 10,930

(1) As of December 31, 2021, \$1.8 million of net intangible assets and no net intangible liabilities were reclassified to assets held for sale and liabilities related to assets held for sale. As of December 31, 2020, no net intangible assets and no net intangible liabilities were reclassified to assets held for sale and liabilities related to assets held for sale.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

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

2022	\$ 505
2023	\$ 476
2024	\$ 56
2025	\$ 234
2026	\$ 205

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

2022	\$ 5,575
2023	\$ 5,409
2024	\$ 3,544
2025	\$ 2,027
2026	\$ 1,850

Cash and Cash Equivalents

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

Restricted Cash

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

Fair Value Measurements

See Note 16, "Fair Value Measurements."

Investment in Marketable Securities

At acquisition, we designate a debt security as held-to-maturity, available-for-sale, or trading. As of December 31, 2021, we did not have any debt securities designated as held-to-maturity or trading. We account for our available-for-sale securities at fair value pursuant to ASC 820-10, with the net unrealized gains or losses reported as a component of accumulated other comprehensive income or loss. The cost of marketable securities sold and the amount reclassified out of accumulated other comprehensive income into earnings is determined using the specific identification method. Credit losses are recognized in accordance with ASC 326. We account for our equity marketable securities at fair value pursuant to ASC 820-10, with the net unrealized gains or losses reported in net income.

As of December 31, 2021 and 2020, we held the following marketable securities (in thousands):

	December 31,	
	2021	2020
Commercial mortgage-backed securities	<u>\$ 24,146</u>	<u>\$ 28,570</u>
Total marketable securities available-for-sale	<u>\$ 24,146</u>	<u>\$ 28,570</u>
Equity marketable securities	<u>\$ 10,606</u>	<u>\$ —</u>
Total investment in marketable securities	<u>\$ 34,752</u>	<u>\$ 28,570</u>

The cost basis of the commercial mortgage-backed securities was \$23.0 million and \$27.5 million as of December 31, 2021 and 2020, respectively. These securities mature at various times through 2035. All securities were in an unrealized gain position as of December 31, 2021 except for one security, which had an unrealized loss of \$0.6 million and a fair market value of \$7.2 million as of December 31, 2021, and an unrealized loss of \$0.7 million and a fair value of \$7.0 million as of December 31, 2020. This marketable security was in a continuous unrealized loss position for more than 12 months as of December 31, 2021 and less than 12 months as of December 31, 2020. We do not intend to sell these securities and it is more likely than not that we will not be required to sell the investment before the recovery of their amortized cost basis.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

We held equity marketable securities as of December 31, 2021 and no equity marketable securities as of December 31, 2020. We recognized \$0.6 million of unrealized gains for the year ended December 31, 2021.

During the year ended December 31, 2021, we received aggregate net proceeds of \$4.5 million from the repayment of one debt marketable security. During the years ended 2020 and 2019, we did not dispose of any debt marketable securities. We did not dispose of any equity marketable securities during the year ended December 31, 2021.

Investments in Unconsolidated Joint Ventures

We account for our investments in unconsolidated joint ventures under the equity method of accounting in cases where we exercise significant influence over, but do not control, these entities and are not considered to be the primary beneficiary. We consolidate those joint ventures that we control or which are variable interest entities (each, a "VIE") and where we are considered to be the primary beneficiary. In all these joint ventures, the rights of the joint venture partner are both protective as well as participating. Unless we are determined to be the primary beneficiary in a VIE, these participating rights preclude us from consolidating these VIE entities. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions. Equity in net income (loss) from unconsolidated joint ventures is allocated based on our ownership or economic interest in each joint venture and includes adjustments related to basis differences in accounting for the investment. When a capital event (as defined in each joint venture agreement) such as a refinancing occurs, if return thresholds are met, future equity income will be allocated at our increased economic interest. We recognize incentive income from unconsolidated real estate joint ventures as income to the extent it is earned and not subject to a clawback feature. Distributions we receive from unconsolidated real estate joint ventures in excess of our basis in the investment are recorded as offsets to our investment balance if we remain liable for future obligations of the joint venture or may otherwise be committed to provide future additional financial support. We generally finance our joint ventures with non-recourse debt. In certain cases we may provide guarantees or master leases, which terminate upon the satisfaction of specified circumstances or repayment of the underlying loans.

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 each joint ventures' actual and projected cash flows. We do not believe that the values of any of our equity investments were impaired as of December 31, 2021.

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

Deferred Lease Costs

Deferred lease costs consist of incremental fees and direct costs that would not have been incurred if the lease had not been obtained and are amortized on a straight-line basis over the related lease term. Certain of our employees provide leasing services to the wholly-owned properties. For the years ended December 31, 2021, 2020 and 2019, \$6.2 million, \$5.4 million, and \$6.3 million of their compensation, respectively, was capitalized and is amortized over an estimated average lease term of seven years.

Deferred Financing Costs

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

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

Lease Classification

Lease classification for leases under which the Company is the lessor is evaluated at lease commencement and leases not classified as sales-type leases or direct financing leases are classified as operating leases. Leases qualify as sales-type leases if the contract includes either transfer of ownership clauses, certain purchase options, a lease term representing a major part of the economic life of the asset, or the present value of the lease payments and residual guarantees provided by the lessee exceeds substantially all of the fair value of the asset. Additionally, leasing an asset so specialized that it is not deemed to have any value to the Company at the end of the lease term may also result in classification as a sales-type lease. Leases qualify as direct financing leases when the present value of the lease payments and residual value guarantees provided by the lessee and unrelated third parties exceeds substantially all of the fair value of the asset and collection of the payments is probable.

Revenue Recognition

Rental revenue for operating leases is recognized on a straight-line basis over the term of the lease. Rental revenue recognition commences when the leased space is available for its intended use by the lessee.

To determine whether the leased space is available for its intended use by the lessee, management evaluates whether we or the tenant are the owner of tenant improvements for accounting purposes. When management concludes that we are the owner of tenant improvements, rental revenue recognition begins when the tenant takes possession of the finished space, which is when such tenant improvements are substantially complete. In certain instances, when management concludes that we are not the owner of tenant improvements, rental revenue recognition begins when the tenant takes possession of or controls the space.

The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rents receivable on the consolidated balance sheets.

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

Rental revenue is recognized if collectability is probable. If collectability of substantially all of the lease payments is assessed as not probable, any difference between the rental revenue recognized to date and the lease payments that have been collected is recognized as a current-period adjustment to rental revenue. A subsequent change in the assessment of collectability to probable may result in a current-period adjustment to rental revenue for any difference between the rental revenue that would have been recognized if collectability had always been assessed as probable and the rental revenue recognized to date.

We recognize lease concessions related to COVID-19, such as rent deferrals and abatements, in accordance with the Lease Modification Q&A issued by the FASB in April 2020, which provides entities with the option to elect to account for lease concessions as though the enforceable rights and obligations existed in the original lease. This election is only available when total cash flows resulting from the modified lease are substantially similar to the cash flows in the original lease. When total cash flows resulting from the modified lease are not substantially similar to the cash flows in the original lease, we account for the concession agreement as a new lease.

The Company provides its tenants with certain customary services for lease contracts such as common area maintenance and general security. We have elected to combine the non-lease components with the lease components of our operating lease agreements and account for them as a single lease component in accordance with ASC 842.

We record a gain or loss on sale of real estate assets when we no longer have a controlling financial interest in the entity owning the real estate, a contract exists with a third party and that third party has control of the assets acquired.

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

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

We consider a debt and preferred equity investment to be past due when amounts contractually due have not been paid. Debt and preferred equity investments are placed on a non-accrual status at the earlier of the date at which payments become 90 days past due or when, in the opinion of management, a full recovery of interest income becomes doubtful. Interest income recognition is resumed on any debt or preferred equity investment that is on non-accrual status when such debt or preferred equity investment becomes contractually current and performance is demonstrated to be resumed.

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

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

Debt and Preferred Equity Investments

Debt and preferred equity investments are presented at the net amount expected to be collected in accordance with ASC 326. An allowance for loan losses is deducted from the amortized cost basis of the financial assets to present the net carrying value at the amount expected to be collected through the expected maturity date of such investments. The expense for loan loss and other investment reserves is the charge to earnings to adjust the allowance for loan losses to the appropriate level. Amounts are written off from the allowance when we de-recognize the related investment either as a result of a sale of the investment or acquisition of equity interests in the collateral.

The Company evaluates the amount expected to be collected based on current market and economic conditions, historical loss information, and reasonable and supportable forecasts. The Company's assumptions are derived from both internal data and external data which may include, among others, governmental economic projections for the New York City Metropolitan area, public data on recent transactions and filings for securitized debt instruments. This information is aggregated by asset class and adjusted for duration. Based on these inputs, loans are evaluated at the individual asset level. In certain instances, we may also use a probability-weighted model that considers the likelihood of multiple outcomes and the amount expected to be collected for each outcome.

The evaluation of the possible credit deterioration associated with the performance and/or value of the underlying collateral property as well as the financial and operating capability of the borrower/sponsor requires significant judgment, which include both asset level and market assumptions over the relevant time period.

In addition, quarterly, the Company assigns each loan a risk rating. Based on a 3-point scale, loans are rated "1" through "3," from lower risk to higher risk, which ratings are defined as follows: 1 - Low Risk Assets - Low probability of loss, 2 - Watch List Assets - Higher potential for loss, 3 - High Risk Assets - Loss more likely than not. Loans with risk ratings of 2 or above are evaluated to determine whether the expected risk of loss is appropriately captured through the combination of our expectations of current conditions, historical loss information and supportable forecasts described above or whether risk characteristics specific to the loan warrant the use of a probability-weighted model.

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Financing investments that are classified as held for sale are carried at the expected amount to be collected 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 expected amount to be collected.

Other financing receivables that are included in balance sheet line items other than the Debt and preferred equity investments line are also measured at the net amount expected to be collected.

Accrued interest receivable amounts related to these debt and preferred equity investment and other financing receivables are recorded at the net amount expected to be collected within Other assets in the consolidated balance sheets. Accrued interest receivables that are written off are recognized as an expense in loan loss and other investment reserves.

Rent Expense

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

Underwriting Commissions and Costs

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

Transaction Costs

Transaction costs for asset acquisitions are capitalized to the investment basis, which is then subject to a purchase price allocation based on relative fair value. Transaction costs for business combinations or costs incurred on potential transactions that are not consummated are expensed as incurred.

Income Taxes

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

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

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

During the years ended December 31, 2021, 2020 and 2019, we recorded Federal, state and local tax provisions of \$2.8 million, \$1.2 million, and \$1.5 million, respectively. For the year ended December 31, 2021, the Company paid distributions on its common stock of \$8.09 per share which represented \$0.50 per share of ordinary income and \$5.92 per share of capital gains. For the year ended December 31, 2020, the Company paid distributions on its common stock of \$5.54 per share which represented \$1.84 per share of ordinary income, and \$3.06 per share of capital gains. For the year ended December 31, 2019, the Company paid distributions on its common stock of \$3.40 per share which represented \$2.59 per share of ordinary income and \$0.81 per share of capital gains. In order to present information that is consistent with the tax forms issued with respect to these tax years, these per-share numbers have not been retroactively adjusted to reflect the reverse stock split that was effectuated in January 2021 and January 2022.

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.

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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.

Stock Based Employee Compensation Plans

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

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

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

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

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

Derivative Instruments

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

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

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

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

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

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

Earnings per Share of the Company

The Company presents both basic and diluted earnings per share ("EPS") using the two-class method, which is an earnings allocation formula that determines EPS for common stock and any participating securities according to dividends declared (whether paid or unpaid). Under the two-class method, basic EPS is computed by dividing the income available to common stockholders by the weighted-average number of common stock shares outstanding for the period. Basic EPS includes participating securities, consisting of unvested restricted stock that receive nonforfeitable dividends similar to shares of common stock. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS amount. Diluted EPS also includes units of limited partnership interest. The dilutive effect of stock options is reflected in the weighted average diluted outstanding shares calculation by application of the treasury stock method. Earnings per share has been retroactively adjusted to reflect the reverse stock split effectuated in January 2022 for all periods presented in this Annual Report on Form 10-K.

Earnings per Unit of the Operating Partnership

The Operating Partnership presents both basic and diluted earnings per unit ("EPU") using the two-class method, which is an earnings allocation formula that determines EPU for common units and any participating securities according to dividends declared (whether paid or unpaid). Under the two-class method, basic EPU is computed by dividing the income available to common unitholders by the weighted-average number of common units outstanding for the period. Basic EPU includes participating securities, consisting of unvested restricted units that receive nonforfeitable dividends similar to shares of common units. Diluted EPU reflects the potential dilution that could occur if securities or other contracts to issue common units were exercised or converted into common units, where such exercise or conversion would result in a lower EPU amount. The dilutive effect of unit options is reflected in the weighted average diluted outstanding units calculation by application of the treasury stock method. Earnings per unit has been retroactively adjusted for all periods presented in this Annual Report on Form 10-K to reflect the reverse stock split effectuated in January 2022.

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 New York City. See Note 5, "Debt and Preferred Equity Investments."

We perform initial and ongoing evaluations of the credit quality 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 potential source of funds to offset the economic costs associated with lost revenue from that tenant and the costs associated with re-tenanting a space. The properties in our real estate

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portfolio are located in the New York metropolitan area, principally in Manhattan. Our tenants operate in various industries. Other than one tenant, Viacom CBS Inc., which accounted for 6.3% of our share of annualized cash rent as of December 31, 2021, 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 cash rent, as of December 31, 2021.

For the years ended December 31, 2021, 2020, and 2019, the following properties contributed more than 5.0% of our annualized cash rent from office properties, including our share of annualized cash rent from joint venture office properties:

Property	2021	Property	2020	Property	2019
11 Madison Avenue	10.8%	11 Madison Avenue	8.2%	1185 Avenue of the Americas	7.6%
420 Lexington Avenue	8.3%	420 Lexington Avenue	7.5%	11 Madison Avenue	7.4%
1515 Broadway	8.1%	1185 Avenue of the Americas	6.9%	420 Lexington Avenue	6.6%
1185 Avenue of the Americas	8.0%	1515 Broadway	6.6%	1515 Broadway	6.1%
280 Park Avenue	6.7%	220 East 42nd Street	5.9%	One Madison Avenue	6.0%
919 Third Avenue	5.3%	280 Park Ave	5.4%	220 East 42nd Street	5.5%
485 Lexington Avenue	5.3%				
555 West 57th Street	5.2%				

As of December 31, 2021, 62.8% of our work force is covered by five collective bargaining agreements. None of these agreements expire before December 31, 2022. See Note 19, "Benefits Plans."

Reclassification

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

Accounting Standards Updates

In July 2021, the FASB issued ASU No. 2021-05 Leases (Topic 842) Lessors - Certain Leases with Variable Lease Payments. ASU 2021-05 amends the lease classification requirements for lessors when classifying and accounting for a lease with variable lease payments that do not depend on a reference rate index or a rate. The update provides criteria, that if met, the lease would be classified and accounted for as an operating lease. ASU 2021-05 is effective for reporting periods beginning after December 15, 2021, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2021-05 on our consolidated financial statements, but do not believe the adoption of this standard will have a material impact on our consolidated financial statements.

In August 2020, the FASB issued Accounting Standard Update, or "ASU," No. 2020-06 Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40). ASU 2020-06 simplifies the accounting for convertible instruments by reducing the number of accounting models for convertible debt instruments and convertible preferred stock, removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception and also simplifies the diluted earnings per share calculation in certain areas. ASU 2020-06 is effective for reporting periods beginning after December 15, 2021, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2020-06 on our consolidated financial statements, but do not believe the adoption of this standard will have a material impact on our consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04 Reference Rate Reform (Topic 848) Facilitation of the Effects of Reference Rate Reform on Financial Reporting and then in January 2021, the FASB issued ASU No. 2021-01. The amendments provide practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance is optional and is effective between March 12, 2020 and December 31, 2022. The guidance may be elected over time as reference rate reform activities occur. During the first quarter of 2020, the Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

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In January 2020, the FASB issued ASU No. 2020-01, Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) Clarifying the Interactions between Topic 321, Topic 323, and Topic 815. The amendment most relevant to the Company is how to apply the fair value measurement alternative in Topic 321 when an investor must apply the fair value to an investment under the equity method in Topic 323. The amendment clarifies that an entity should consider observable transactions when considering the fair value of an investment. The guidance is effective for the Company for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company adopted this guidance on January 1, 2020 and it did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, Intangibles - Goodwill and Other- Internal-Use Software (Topic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract. The amendments provide guidance on accounting for fees paid when the arrangement includes a software license and align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing costs to develop or obtain internal-use software. The Company adopted this guidance on January 1, 2020 and it did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. This amendment removed, modified and added the disclosure requirements under Topic 820. The changes are effective for the Company for fiscal years beginning after December 15, 2019. Early adoption is permitted for the removed or modified disclosures with adoption of the additional disclosures upon the effective date. The Company adopted this guidance on January 1, 2020 and it did not have a material impact on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments; in November 2018 issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, in April, May and November 2019, issued ASU No. 2019-04, 2019-05 and 2019-11, which provide codification improvements and targeted transition relief; and in 2020 issued ASU 2020-02 Financial Instruments-Credit Losses (Topic 326) and Leases (Topic 842), which updates SEC guidance in those Topics. 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 Company's DPE portfolio and financing lease assets are subject to this guidance. ASU No. 2018-19 excludes operating lease receivables from the scope of this guidance. The Company adopted this guidance on January 1, 2020 and recorded a \$39.2 million cumulative adjustment to retained earnings upon adoption.

3. Property Acquisitions

2021 Acquisitions

The following table summarizes the properties acquired during the year ended December 31, 2021:

Property	Acquisition Date	Property Type	Approximate Square Feet	Gross Asset Valuation (in millions)
885 Third Avenue ⁽¹⁾	January 2021	Fee Interest	625,000	\$ 387.9
461 Fifth Avenue ⁽²⁾	June 2021	Fee Interest	200,000	28.0
1591-1597 Broadway ⁽³⁾	September 2021	Fee Interest	7,684	121.0
690 Madison Avenue ⁽⁴⁾	September 2021	Fee Interest	7,848	72.2

- (1) In January 2021, pursuant to the partnership documents of our 885 Third Avenue investment, certain participating rights of the common member expired. As a result, it was determined that this investment is a VIE in which we are the primary beneficiary, and the investment was consolidated in our financial statements. Upon consolidating the entity, the assets and liabilities of the entity were recorded at fair value. Prior to January 2021, the investment was accounted for under the equity method. See Note 6, "Investments in Unconsolidated Joint Ventures" and Note 16, "Fair Value Measurements."
- (2) In April 2021, the Company exercised its option to acquire the fee interest in the property from the ground lessor and the Company acquired the fee interest in June 2021. The Company held the leasehold interest in the property prior to exercising its option.
- (3) A third party has asserted ownership rights to the fee, which the Company is contesting.
- (4) In September 2021, the Company was the successful bidder for the fee interest in 690 Madison Avenue at the foreclosure of the asset. The property previously served as collateral for a debt and preferred equity investment. We recorded the assets acquired and liabilities assumed at fair value. See Note 5, "Debt and Preferred Equity Investments" and Note 16, "Fair Value Measurements."

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2020 Acquisitions

The following table summarizes the properties acquired during the year ended December 31, 2020:

Property	Acquisition Date	Property Type	Approximate Square Feet	Gross Asset Valuation (in millions)
762 Madison Avenue ⁽¹⁾	January 2020	Fee Interest	6,109	\$ 29.3
707 Eleventh Avenue	January 2020	Fee Interest	159,720	90.0
15 Beekman ⁽²⁾	January 2020	Leasehold Interest	98,412	—
590 Fifth Avenue ⁽³⁾	October 2020	Fee Interest	103,300	107.2

- (1) The Company acquired from our joint venture partner the remaining 10% interest in this property that the Company did not already own.
(2) In January 2020, the Company entered into a 99-year ground lease of 126 Nassau Street and subsequently renamed the property 15 Beekman. In August 2020, we entered into a partnership as part of the capitalization of this development project. See note 6, “Investment in Unconsolidated Joint Ventures.”
(3) The property previously served as collateral for a debt and preferred equity investment and was acquired through a negotiated transaction with the sponsor.

2019 Acquisitions

The following table summarizes the properties acquired during the year ended December 31, 2019:

Property	Acquisition Date	Property Type	Approximate Square Feet	Acquisition Price (in millions)
106 Spring Street ⁽¹⁾	April 2019	Fee Interest	5,928	\$ 80.2
410 Tenth Avenue ⁽²⁾	May 2019	Fee Interest	638,000	440.0
110 Greene Street ⁽³⁾	May 2019	Fee Interest	223,600	256.5

- (1) In April 2019, the Company accepted an assignment of the equity interests in the property in lieu of repayment of the Company's debt investment and marked the assets received and liabilities assumed to fair value.
(2) In May 2019, the Company closed on the acquisition of a majority and controlling 70.87% interest in 460 West 34th Street and subsequently renamed the property 410 Tenth Avenue. The Company had previously made a loan to the entity that was accounted for as an Acquisition, Development, and Construction (“ADC”) arrangement. Upon consolidating the entity in which it acquired the controlling equity interest, the Company and the Partnership removed the ADC arrangement and recorded the assets and liabilities of the entity at fair value, which resulted in the recognition of a fair value adjustment of \$67.6 million, which was reflected in the Company's consolidated statement of operations within purchase price and other fair value adjustments, and \$18.3 million of net intangible lease liabilities.
(3) In May 2019, the Company acquired from our joint venture partner the remaining 10% interest in this property that the Company did not already own.

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4. Properties Held for Sale and Property Dispositions

Properties Held for Sale

As of December 31, 2021, 1080 Amsterdam Avenue and 707 Eleventh Avenue were classified as held for sale as we entered into an agreement to sell the properties, both in Manhattan, for a total consideration of \$42.5 million and \$95.0 million, respectively. The sales of 1080 Amsterdam Avenue and 707 Eleventh Avenue are expected to close in the first quarter of 2022, both subject to customary closing conditions.

The Company recorded a \$15.0 million charge in connection with the classification of 707 Eleventh Avenue as held for sale, which is included in Depreciable real estate reserves and impairments in the consolidated statement of operations.

Property Dispositions

The following table summarizes the properties sold during the years ended December 31, 2021, 2020, and 2019:

Property	Disposition Date	Property Type	Unaudited Approximate Usable Square Feet	Sales Price ⁽¹⁾ (in millions)	Gain (Loss) on Sale ⁽²⁾ (in millions)
110 East 42nd Street	December 2021	Fee Interest	215,400	\$ 117.1	\$ 3.6
590 Fifth Avenue	October 2021	Fee Interest	103,300	103.0	(3.2)
220 East 42nd Street ⁽³⁾	July 2021	Fee Interest	1,135,000	783.5	175.1
635-641 Sixth Avenue	June 2021	Fee Interest	267,000	325.0	99.4
106 Spring Street ⁽⁴⁾	March 2021	Fee Interest	5,928	35.0	(2.8)
133 Greene Street ⁽⁴⁾	February 2021	Fee Interest	6,425	15.8	0.2
712 Madison Avenue ⁽⁵⁾	January 2021	Fee Interest	6,600	43.0	(1.4)
30 East 40th Street	December 2020	Leasehold Interest	69,446	5.2	(1.6)
1055 Washington Boulevard	December 2020	Leasehold Interest	182,000	23.8	(11.5)
Williamsburg Terrace	December 2020	Fee Interest	52,000	32.0	11.8
410 Tenth Avenue	December 2020	Fee Interest	638,000	952.5	56.4
400 East 58th Street	September 2020	Fee Interest	140,000	62.0	8.3
609 Fifth Avenue - Retail Condominium	May 2020	Fee Interest	21,437	168.0	63.3
315 West 33rd Street - The Olivia	March 2020	Fee Interest	492,987	446.5	71.8
Suburban Properties ⁽⁶⁾	December 2019	Fee Interest	1,107,000	229.2	1.8
1640 Flatbush Avenue	December 2019	Fee Interest	1,000	16.2	5.5
562 Fifth Avenue	December 2019	Fee Interest	42,635	52.4	(26.6)
1010 Washington Boulevard ⁽⁷⁾	November 2019	Fee Interest	143,400	23.1	(7.1)
115 Spring Street ⁽⁸⁾	August 2019	Fee Interest	5,218	66.6	3.6

- (1) Sales price represents the gross sales price for a property or the gross asset valuation for interests in a property.
- (2) The gain on sale is net of \$13.7 million, \$10.5 million, and \$2.0 million of employee compensation accrued in connection with the realization of these investment gains in the years ended December 31, 2021, 2020, and 2019, respectively. Additionally, amounts do not include adjustments for expenses recorded in subsequent periods.
- (3) In July 2021, the Company sold a 49% interest, which resulted in the Company no longer retaining a controlling interest in the entity, as defined in ASC 810, and the deconsolidation of the 51.0% interest we retained. We recorded our investment at fair value which resulted in the recognition of a fair value adjustment of \$206.8 million, which is reflected in the Company's consolidated statements of operations within Purchase price and other fair value adjustments. See Note 6, "Investments in Unconsolidated Joint Ventures."
- (4) In the first quarter of 2021, the property was foreclosed by the lender.
- (5) Disposition resulted from the buyer exercising its purchase option under a ground lease arrangement.
- (6) Suburban Properties consists of 360 Hamilton Avenue, 100 Summit Lake Drive, 200 Summit Lake Drive, and 500 Summit Lake Drive.
- (7) The Company recorded a \$7.1 million charge in 2019 that is included in depreciable real estate reserves and impairments in the consolidated statement of operations.
- (8) The Company sold a 49% interest, which resulted in the deconsolidation of our remaining 51% interest. We recorded our investment at fair value which resulted in the recognition of a fair value adjustment of \$3.8 million, which is reflected in the Company's consolidated statements of operations within purchase price and other fair value adjustments. See Note 6, "Investments in Unconsolidated Joint Ventures."

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
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December 31, 2021

5. Debt and Preferred Equity Investments

Below is a summary of the activity in our debt and preferred equity investments for the years ended December 31, 2021 and 2020 (in thousands):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Balance at beginning of year ⁽¹⁾	\$ 1,076,542	\$ 1,580,306
Debt investment originations/fundings/accretion ⁽²⁾	193,824	389,300
Preferred equity investment originations/accretion ⁽²⁾	13,220	167,042
Redemptions/sales/syndications/equity ownership/amortization ⁽³⁾	(201,446)	(1,048,643)
Net change in loan loss reserves	6,583	(11,463)
Balance at end of period ⁽¹⁾	<u>\$ 1,088,723</u>	<u>\$ 1,076,542</u>

(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, but did not meet the conditions for sale accounting, are included in Other assets and Other liabilities on the consolidated balance sheets.

Below is a summary of our debt and preferred equity investments as of December 31, 2021 (dollars in thousands):

Type	Floating Rate			Fixed Rate			Total Carrying Value	Senior Financing	Maturity ⁽¹⁾
	Carrying Value	Face Value	Interest Rate	Carrying Value	Face Value	Interest Rate			
Senior Mortgage Debt	\$ 22,646	\$ 22,841	L + 3.50 - 3.50%	\$ 73,000	\$ 73,000	3.00%	\$ 95,646	\$ —	2022 - 2023
Mezzanine Debt	272,324	273,274	L + 5.00 - 12.57%	447,747	457,474	2.90 - 14.30%	720,071	4,664,200	2022 - 2029
Preferred Equity	—	—	—	273,006	273,821	6.50 - 11.00%	273,006	1,962,750	2022 - 2027
Balance at end of period	<u>\$ 294,970</u>	<u>\$ 296,115</u>		<u>\$ 793,753</u>	<u>\$ 804,295</u>		<u>\$ 1,088,723</u>	<u>\$ 6,626,950</u>	

(1) Excludes available extension options to the extent they have not been exercised as of the date of this filing.

The following table is a rollforward of our total allowance for loan losses for the years ended December 31, 2021, 2020 and 2019 (in thousands):

	<u>December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 13,213	\$ 1,750	\$ 5,750
Cumulative adjustment upon adoption of ASC 326	—	27,803	—
Current period provision for loan loss	—	20,693	—
Write-offs charged against the allowance ⁽¹⁾	(6,583)	(37,033)	(4,000)
Balance at end of period ⁽²⁾	<u>\$ 6,630</u>	<u>\$ 13,213</u>	<u>\$ 1,750</u>

(1) Includes \$0.0 million and \$19.0 million of charges recorded against investments that were sold during the year ended December 31, 2021 and 2020, respectively. These charges are included in loan loss and other investment reserves, net of recoveries, in our consolidated statements of operations.

(2) As of December 31, 2021, all financing receivables on non-accrual had an allowance for loan loss except for one debt investment with a carrying value of \$225.4 million.

As of December 31, 2021, all debt and preferred equity investments were performing in accordance with their respective terms, with the exception of two investments with a carrying value, net of reserves, of \$216.0 million and \$6.8 million, as discussed in the Debt Investments and Preferred Equity Investments tables further below.

As of December 31, 2020, all debt and preferred equity investments were performing in accordance with their respective terms, with the exception of one investment with a carrying value, net of reserves, of \$6.8 million, as discussed in the Debt Investments table further below.

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Notes to Consolidated Financial Statements (cont.)
December 31, 2021

No other financing receivables were 90 days past due as of December 31, 2021 and 2020 with the exception of a \$27.7 million financing receivable included in Other assets, which was put on non-accrual in August 2018 as a result of an interest default.

The following table sets forth the carrying value of our debt and preferred equity investment portfolio by risk rating as of December 31, 2021 and 2020 (\$ in thousands):

Risk Rating	December 31, 2021	December 31, 2020
1 - Low Risk Assets - Low probability of loss	\$ 644,489	\$ 695,035
2 - Watch List Assets - Higher potential for loss	437,344	365,167
3 - High Risk Assets - Loss more likely than not	6,890	16,340
	<u>\$ 1,088,723</u>	<u>\$ 1,076,542</u>

The following table sets forth the carrying value of our debt and preferred equity investment portfolio by year of origination and risk rating as of December 31, 2021 (dollars in thousands):

Risk Rating	As of December 31,				Total
	2021⁽¹⁾	2020⁽¹⁾	2019⁽¹⁾	Prior⁽¹⁾	
1 - Low Risk Assets - Low probability of loss	\$ 139,873	\$ 151,086	\$ 57,511	\$ 296,019	\$ 644,489
2 - Watch List Assets - Higher potential for loss	—	133,735	260,242	43,367	437,344
3 - High Risk Assets - Loss more likely than not	—	—	—	6,890	6,890
	<u>\$ 139,873</u>	<u>\$ 284,821</u>	<u>\$ 317,753</u>	<u>\$ 346,276</u>	<u>\$ 1,088,723</u>

(1) Year in which the investment was originated or acquired by us or in which a material modification occurred.

We have determined that we have one portfolio segment of financing receivables as of December 31, 2021 and 2020 comprised of commercial real estate which is primarily recorded in debt and preferred equity investments.

Included in Other assets is an additional amount of financing receivables representing loans to joint venture partners totaling \$50.3 million and \$66.2 million as of December 31, 2021 and 2020, respectively. The Company recorded provisions for loan losses related to these financing receivables of \$2.9 million and \$14.6 million for the years ended December 31, 2021 and 2020, respectively. The Company recorded adjustments upon the adoption of ASC 326 of \$11.4 million for the year ended December 31, 2020. All of these loans have a risk rating of 2 and were performing in accordance with their respective terms with the exception of a \$27.7 million financing receivable, which was put on nonaccrual in August 2018, that has a risk rating of 3 and was fully reserved as of December 31, 2021.

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Notes to Consolidated Financial Statements (cont.)
December 31, 2021

Debt Investments

As of December 31, 2021 and 2020, we held the following debt investments with an aggregate weighted average current yield of 6.52%, as of December 31, 2021 (dollars in thousands):

Loan Type	December 31, 2021 Future Funding Obligations	December 31, 2021 Senior Financing	December 31, 2021 Carrying Value ⁽¹⁾	December 31, 2020 Carrying Value ⁽¹⁾	Maturity Date ⁽²⁾
Fixed Rate Investments:					
Mezzanine Loan	\$ —	\$ 280,000	\$ 43,521	\$ 41,057	August 2022
Mortgage Loan	—	—	73,000	—	April 2023
Mezzanine Loan ⁽³⁾	—	376,705	225,367	225,204	June 2023
Mezzanine Loan	—	274,976	66,873	—	June 2023
Mezzanine Loan ^{(4a)(5)}	—	105,000	13,366	13,366	June 2024
Mezzanine Loan	—	95,000	30,000	30,000	January 2025
Mezzanine Loan ⁽⁶⁾	—	1,712,750	55,250	55,250	June 2027
Mezzanine Loan	—	85,000	20,000	20,000	December 2029
Junior Mortgage	—	—	—	32,888	
Mezzanine Loan	—	—	—	3,500	
Mortgage/Mezzanine Loan	—	—	—	56,244	
Total fixed rate	\$ —	\$ 2,929,431	\$ 527,377	\$ 477,509	
Floating Rate Investments:					
Mezzanine Loan	\$ —	\$ 275,000	\$ 49,998	\$ 49,956	April 2022
Mezzanine Loan	4,933	180,415	37,511	35,318	July 2022
Mezzanine Loan ^(4b)	—	1,115,000	133,735	127,915	March 2022
Mezzanine Loan	3,932	54,000	8,050	6,858	May 2022
Mortgage and Mezzanine Loan	23,360	—	34,874	14,011	December 2022
Mezzanine Loan	43,415	110,354	30,802	19,889	May 2023
Junior Mortgage Participation/ Mezzanine Loan	—	—	—	15,733	
Mezzanine Loan	—	—	—	29,106	
Mortgage Loan	—	—	—	53,674	
Total floating rate	\$ 75,640	\$ 1,734,769	\$ 294,970	\$ 352,460	
Allowance for loan loss	\$ —	\$ —	\$ (6,630)	\$ (13,213)	
Total	\$ 75,640	\$ 4,664,200	\$ 815,717	\$ 816,756	

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

(2) Represents contractual maturity, excluding any extension options to the extent they have not been exercised as of the date of this filing.

(3) This loan was put on non-accrual in July 2020 and remains on non-accrual as of December 31, 2021. No investment income has been recognized subsequent to it being put on non-accrual. The Company is in discussions with the borrower.

(4) 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) \$12.0 million, and (b) \$0.4 million.

(5) This loan went into default and was put on non-accrual in June 2020 and remains on non-accrual as of December 31, 2021. No investment income has been recognized subsequent to it being put on non-accrual. The Company is in discussions with the borrower. Additionally, we determined the borrower entity to be a VIE in which we are not the primary beneficiary.

(6) The borrower under this mezzanine loan is an entity affiliated with HNA, which owns an equity interest in 245 Park Avenue. The borrower filed for bankruptcy protection on October 31, 2021, which the Company contested.

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Notes to Consolidated Financial Statements (cont.)
December 31, 2021

Preferred Equity Investments

As of December 31, 2021 and 2020, we held the following preferred equity investments with an aggregate weighted average current yield of 9.87% as of December 31, 2021 (dollars in thousands):

Type	December 31, 2021 Future Funding Obligations	December 31, 2021 Senior Financing	December 31, 2021 Carrying Value ⁽¹⁾	December 31, 2020 Carrying Value ⁽¹⁾	Mandatory Redemption ⁽²⁾
Preferred Equity ⁽³⁾	\$ —	\$ 1,712,750	\$ 160,772	\$ 154,691	June 2022
Preferred Equity	—	250,000	112,234	105,095	February 2027
Total Preferred Equity	<u>\$ —</u>	<u>\$ 1,962,750</u>	<u>\$ 273,006</u>	<u>\$ 259,786</u>	
Allowance for loan loss	\$ —	\$ —	\$ —	\$ —	
Total	<u><u>\$ —</u></u>	<u><u>\$ 1,962,750</u></u>	<u><u>\$ 273,006</u></u>	<u><u>\$ 259,786</u></u>	

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

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

(3) On October 31, 2021, HNA, through an affiliated entity, filed for Chapter 11 bankruptcy protection on account of its investment in 245 Park Avenue, together with another asset in Chicago. The Company contested the filing, on the basis that the filing was done in bad faith and in violation of HNA's agreements with the Company, and is currently appealing the Bankruptcy court's ruling upholding the filing by HNA.

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Notes to Consolidated Financial Statements (cont.)
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6. Investments in Unconsolidated Joint Ventures

We have investments in several real estate joint ventures with various partners. As of December 31, 2021, the book value of these investments was \$3.0 billion, net of investments with negative book values totaling \$103.7 million for which we have an implicit commitment to fund future capital needs.

As of December 31, 2021, 800 Third Avenue, 21 East 66th Street, and certain properties within the Stonehenge Portfolio are VIEs in which we are not the primary beneficiary. As of December 31, 2020, 800 Third Avenue, 21 East 66th Street, 605 West 42nd Street, and certain properties within the Stonehenge Portfolio are VIEs in which we were not the primary beneficiary. Our net equity investment in these VIEs was \$85.6 million as of December 31, 2021 and \$134.0 million as of December 31, 2020. 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.

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Notes to Consolidated Financial Statements (cont.)
December 31, 2021

The table below provides general information on each of our joint ventures as of December 31, 2021:

Property	Partner	Ownership Interest ⁽¹⁾	Economic Interest ⁽¹⁾	Unaudited Approximate Square Feet
100 Park Avenue	Prudential Real Estate Investors	49.90%	49.90%	834,000
717 Fifth Avenue	Wharton Properties/Private Investor	10.92%	10.92%	119,500
800 Third Avenue	Private Investors	60.52%	60.52%	526,000
919 Third Avenue	New York State Teacher's Retirement System	51.00%	51.00%	1,454,000
11 West 34th Street	Private Investor/Wharton Properties	30.00%	30.00%	17,150
280 Park Avenue	Vornado Realty Trust	50.00%	50.00%	1,219,158
1552-1560 Broadway ⁽²⁾	Wharton Properties	50.00%	50.00%	57,718
10 East 53rd Street	Canadian Pension Plan Investment Board	55.00%	55.00%	354,300
21 East 66th Street ⁽³⁾	Private Investors	32.28%	32.28%	13,069
650 Fifth Avenue ⁽⁴⁾	Wharton Properties	50.00%	50.00%	69,214
121 Greene Street	Wharton Properties	50.00%	50.00%	7,131
Stonehenge Portfolio ⁽⁵⁾	Various	Various	Various	1,439,016
11 Madison Avenue	PGIM Real Estate	60.00%	60.00%	2,314,000
One Vanderbilt Avenue	National Pension Service of Korea/Hines Interest LP	71.01%	71.01%	1,657,198
Worldwide Plaza ⁽⁶⁾	RXR Realty / New York REIT	24.95%	24.95%	2,048,725
1515 Broadway	Allianz Real Estate of America	56.87%	56.87%	1,750,000
2 Herald Square	Israeli Institutional Investor	51.00%	51.00%	369,000
115 Spring Street	Private Investor	51.00%	51.00%	5,218
15 Beekman ⁽⁷⁾	A fund managed by Meritz Alternative Investment Management	20.00%	20.00%	221,884
85 Fifth Avenue	Wells Fargo	36.27%	36.27%	12,946
One Madison Avenue ⁽⁸⁾	National Pension Service of Korea/Hines Interest LP/International Investor	25.50%	25.50%	1,048,700
220 East 42nd Street ⁽⁹⁾	A fund managed by Meritz Alternative Investment Management	51.00%	51.00%	1,135,000

- (1) Ownership interest and economic interest represent the Company's interests in the joint venture as of December 31, 2021. Changes in ownership or economic interests within the current year are disclosed in the notes below.
- (2) The joint venture owns a long-term leasehold interest in the retail space and certain other spaces at 1560 Broadway, which is adjacent to 1552 Broadway.
- (3) We hold a 32.28% interest in three retail units and one residential unit at the property and a 16.14% interest in two residential units at the property.
- (4) The joint venture owns a long-term leasehold interest in the retail space at 650 Fifth Avenue.
- (5) During the fourth quarter of 2021, the Company recorded a \$3.1 million charge in connection with the pending sale of this investment for a gross consideration of approximately \$1.0 million. This charge is included in Depreciable real estate reserves and impairments in the consolidated statement of operations.
- (6) In May 2021, the Company and RXR Realty jointly acquired a 1.2% interest in the property previously held by a private investor. This resulted in an increase in the Company's ownership interest of 0.6%.
- (7) In 2020, the Company formed a joint venture, which then entered into a long-term sublease with the Company.
- (8) In 2020, the Company admitted partners to the One Madison Avenue development project, which resulted in the Company no longer retaining a controlling interest in the entity, as defined in ASC 810, and the deconsolidation of our remaining 50.5% interest. We recorded our investment at fair value, which resulted in the recognition of a fair value adjustment of \$187.5 million. The fair value of our investment was determined by the terms of the joint venture agreement governing the capitalization of the project. The partners have committed aggregate equity to the project totaling no less than \$492.2 million and their ownership interest in the joint venture is based on their capital contributions, up to an aggregate maximum of 49.5%. As of December 31, 2021, the total of the two partners' ownership interests based on equity contributed was 27.1%. In November 2021, the Company admitted an additional partner to the development project for a committed aggregate equity investment totaling no less than \$259.3 million. The partner's indirect ownership interest in the joint venture is based on its capital contributions, up to an aggregate maximum of 25.0%. The transaction did not meet sale accounting under ASC 860 and, as a result, was treated as a secured borrowing for accounting purposes and is included in Other liabilities in our consolidated balance sheets at December 31, 2021.
- (9) In July 2021, the Company sold a 49% interest in the property, which resulted in the Company no longer retaining a controlling interest in the entity, as defined in ASC 810, and the deconsolidation of the 51.0% interest we retained. We recorded our investment at fair value which resulted in the recognition of a fair value adjustment of \$206.8 million during the year ended December 31, 2021. The fair value of our investment was determined by the terms of the joint venture agreement.

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Notes to Consolidated Financial Statements (cont.)
December 31, 2021

Disposition of Joint Venture Interests or Properties

The following table summarizes the investments in unconsolidated joint ventures sold during the years ended December 31, 2021, 2020, and 2019:

Property	Ownership Interest Sold	Disposition Date	Gross Asset Valuation (in millions)	Gain (Loss) on Sale (in millions) ⁽¹⁾⁽²⁾
400 East 47th Street ⁽³⁾	41.00%	September 2021	\$ 133.5	\$ (1.0)
605 West 42nd Street - Sky	20.00%	June 2021	858.1	8.9
55 West 46th Street - Tower 46	25.00%	March 2021	275.0	(15.2)
885 Third Avenue ⁽⁴⁾	N/A	January 2021	N/A	N/A
333 East 22nd Street	33.33%	December 2020	1.6	3.0
21 East 66th Street ⁽⁵⁾	1 residential unit	December 2019	2.9	0.3
521 Fifth Avenue	50.50%	May 2019	381.0	57.9
131-137 Spring Street	20.00%	January 2019	216.0	17.7
Stonehenge Portfolio (partial)	Various	Various - 2019	468.8	(2.4)

(1) Represents the Company's share of the gain or loss.

(2) The gain on sale is net of \$1.4 million, \$0.0 million, and \$4.0 million of employee compensation accrued in connection with the realization of these investment gains in the years ended December 31, 2021, 2020, and 2019, respectively. Additionally, gain (loss) amounts do not include adjustments for expenses recorded in subsequent periods.

(3) In connection with our agreement to sell the property in April 2021, we recorded a charge of \$5.7 million, which is included in Depreciable real estate reserves and impairments in the consolidated statements of operations.

(4) In January 2021, pursuant to the partnership documents, certain participating rights of the common member expired. As a result, it was determined that we are the primary beneficiary of the VIE and the investment was consolidated in our financial statements. See Note 3, "Property Acquisitions."

(5) We, together with our joint venture partner, closed on the sale of one residential unit at the property.

Joint Venture Mortgages and Other Loans Payable

We generally finance our joint ventures with non-recourse debt. In certain cases we may provide guarantees or master leases, which terminate upon the satisfaction of specified circumstances or repayment of the underlying loans. The mortgage notes and other loans payable collateralized by the respective joint venture properties and assignment of leases as of December 31, 2021 and 2020, respectively, are as follows (dollars in thousands):

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Property	Economic Interest ⁽¹⁾	Current Maturity Date	Final Maturity Date ⁽²⁾	Interest Rate ⁽³⁾	December 31, 2021	December 31, 2020
Fixed Rate Debt:						
717 Fifth Avenue (mortgage)	10.92 %	July 2022	July 2022	4.45%	\$ 300,000	\$ 300,000
717 Fifth Avenue (mezzanine)	10.92 %	July 2022	July 2022	5.50%	355,328	355,328
650 Fifth Avenue (mortgage)	50.00 %	October 2022	October 2022	4.46%	210,000	210,000
650 Fifth Avenue (mezzanine)	50.00 %	October 2022	October 2022	5.45%	65,000	65,000
21 East 66th Street	32.28 %	April 2023	April 2028	3.60%	12,000	12,000
919 Third Avenue	51.00 %	June 2023	June 2023	5.12%	500,000	500,000
1515 Broadway	56.87 %	March 2025	March 2025	3.93%	801,845	820,607
11 Madison Avenue	60.00 %	September 2025	September 2025	3.84%	1,400,000	1,400,000
800 Third Avenue	60.52 %	February 2026	February 2026	3.37%	177,000	177,000
Worldwide Plaza	24.95 %	November 2027	November 2027	3.98%	1,200,000	1,200,000
One Vanderbilt Avenue	71.01 %	July 2031	July 2031	2.95%	3,000,000	—
Stonehenge Portfolio ⁽⁴⁾	Various	Various	Various	3.50%	195,493	195,899
400 East 57th Street					—	97,024
885 Third Avenue					—	272,000
Total fixed rate debt					<u>\$ 8,216,666</u>	<u>\$ 5,604,858</u>
Floating Rate Debt:						
1552 Broadway	50.00 %	October 2022	October 2022	L+ 2.65%	\$ 193,132	\$ 195,000
280 Park Avenue	50.00 %	September 2022	September 2024	L+ 1.73%	1,200,000	1,200,000
121 Greene Street	50.00 %	November 2022	November 2022	L+ 2.00%	13,228	15,000
2 Herald Square	51.00 %	November 2022	November 2023	L+ 1.95%	200,989	214,500
11 West 34th Street	30.00 %	January 2023	January 2023	L+ 1.45%	23,000	23,000
220 East 42nd Street	51.00 %	June 2023	June 2025	L+ 2.75%	510,000	—
115 Spring Street	51.00 %	September 2023	September 2023	L+ 3.40%	65,550	65,550
100 Park Avenue	49.90 %	December 2023	December 2025	L+ 2.25%	360,000	360,000
15 Beekman ⁽⁵⁾	20.00 %	January 2024	July 2025	L+ 1.50%	43,566	11,212
10 East 53rd Street	55.00 %	February 2025	February 2025	L+ 1.35%	220,000	220,000
One Madison Avenue ⁽⁶⁾	25.50 %	November 2025	November 2026	L+ 3.35%	169,629	—
21 East 66th Street	32.28 %	June 2033	June 2033	T+ 2.75%	632	677
One Vanderbilt Avenue					—	1,210,329
605 West 42nd Street					—	550,000
55 West 46th Street					—	192,524
Total floating rate debt					<u>\$ 2,999,726</u>	<u>\$ 4,257,792</u>
Total joint venture mortgages and other loans payable					<u>\$ 11,216,392</u>	<u>\$ 9,862,650</u>
Deferred financing costs, net					<u>(130,516)</u>	<u>(113,446)</u>
Total joint venture mortgages and other loans payable, net					<u>\$ 11,085,876</u>	<u>\$ 9,749,204</u>

- (1) Economic interest represents the Company's interests in the joint venture as of December 31, 2021. 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) Reflects exercise of all available options. The ability to exercise extension options may be subject to certain conditions, including meeting tests based on the operating performance of the property.
- (3) Interest rates as of December 31, 2021, taking into account interest rate hedges in effect during the period. Floating rate debt is presented with the stated spread over the 30-day LIBOR ("L") or 1-year Treasury ("T").
- (4) Comprised of three mortgages totaling \$132.2 million that mature in April 2028 and two mortgages totaling \$63.3 million that mature in July 2029.
- (5) This loan is a \$125.0 million construction facility. Advances under the loan are subject to costs incurred.

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- (6) The loan is a \$1.25 billion construction facility with an initial term of five years with one, one year extension option. Advances under the loan are subject to costs incurred. In conjunction with the loan, we provided partial guarantees for interest and principal payments, the amounts of which are based on certain construction milestones and operating metrics.

We are entitled to receive fees for providing management, leasing, construction supervision and asset management services to certain of our joint ventures. We earned \$19.6 million, \$15.8 million and \$13.0 million from these services, net of our ownership share of the joint ventures, for the years ended December 31, 2021, 2020, and 2019, 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, as of December 31, 2021 and 2020, are as follows (in thousands):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<i>Assets ⁽¹⁾</i>		
Commercial real estate property, net	\$ 14,763,874	\$ 16,143,880
Cash and restricted cash	768,510	357,076
Tenant and other receivables, related party receivables, and deferred rents receivable	533,455	403,883
Other assets	1,776,030	2,001,612
Total assets	<u>\$ 17,841,869</u>	<u>\$ 18,906,451</u>
<i>Liabilities and equity ⁽¹⁾</i>		
Mortgages and other loans payable, net	\$ 11,085,876	\$ 9,749,204
Deferred revenue/gain	1,158,242	1,341,571
Lease liabilities	980,595	1,002,563
Other liabilities	352,499	464,107
Equity	4,264,657	6,349,006
Total liabilities and equity	<u>\$ 17,841,869</u>	<u>\$ 18,906,451</u>
Company's investments in unconsolidated joint ventures	<u>\$ 2,997,934</u>	<u>\$ 3,823,322</u>

- (1) As of December 31, 2021, \$544.4 million of net unamortized basis differences between the amount at which our investments are carried and our share of equity in net assets of the underlying property will be amortized through equity in net income (loss) from unconsolidated joint ventures over the remaining life of the underlying items having given rise to the differences.

The combined statements of operations for the unconsolidated joint ventures, from acquisition date through the years ended December 31, 2021, 2020, and 2019 are as follows (unaudited, in thousands):

	Year Ended December 31,		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total revenues	\$ 1,228,364	\$ 1,133,217	\$ 1,163,534
Operating expenses	203,332	180,201	202,881
Real estate taxes	225,104	220,633	212,355
Operating lease rent	22,576	24,134	24,816
Interest expense, net of interest income	342,910	325,500	372,408
Amortization of deferred financing costs	31,423	20,427	19,336
Depreciation and amortization	484,130	407,834	407,697
Total expenses	<u>\$ 1,309,475</u>	<u>\$ 1,178,729</u>	<u>\$ 1,239,493</u>
Loss on early extinguishment of debt	(2,017)	(194)	(1,031)
Net loss before gain on sale	<u>\$ (83,128)</u>	<u>\$ (45,706)</u>	<u>\$ (76,990)</u>
Company's equity in net loss from unconsolidated joint ventures	<u>\$ (55,402)</u>	<u>\$ (25,195)</u>	<u>\$ (34,518)</u>

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

7. Deferred Costs

Deferred costs as of December 31, 2021 and 2020 consisted of the following (in thousands):

	December 31,	
	2021	2020
Deferred leasing costs	\$ 400,419	\$ 447,002
Less: accumulated amortization	(275,924)	(269,834)
Deferred costs, net	\$ 124,495	\$ 177,168

8. Mortgages and Other Loans Payable

The mortgages and other loans payable collateralized by the respective properties and assignment of leases or debt investments as of December 31, 2021 and 2020, respectively, were as follows (dollars in thousands):

Property	Current Maturity Date	Final Maturity Date ⁽¹⁾	Interest Rate ⁽²⁾	December 31, 2021	December 31, 2020
Fixed Rate Debt:					
100 Church Street	July 2022	July 2022	4.68%	\$ 200,212	\$ 204,875
420 Lexington Avenue	October 2024	October 2040	3.99%	288,660	294,035
Landmark Square	January 2027	January 2027	4.90%	100,000	100,000
485 Lexington Avenue	February 2027	February 2027	4.25%	450,000	450,000
1080 Amsterdam ⁽³⁾	February 2027	February 2027	3.59%	34,537	34,773
Total fixed rate debt				\$ 1,073,409	\$ 1,083,683
Floating Rate Debt:					
609 Fifth Avenue	March 2022	March 2025	L+ 2.95%	\$ 52,882	\$ 57,651
7 Dey / 185 Broadway ⁽⁴⁾	November 2022	November 2023	L+ 2.85%	198,169	158,478
719 Seventh Avenue	September 2023	September 2023	L+ 1.20%	50,000	50,000
690 Madison Avenue	July 2024	July 2025	L+ 1.60%	60,000	—
220 East 42nd Street ⁽⁵⁾				—	510,000
133 Greene Street				—	15,523
106 Spring Street				—	38,025
FHLB Facility				—	10,000
FHLB Facility				—	15,000
FHLB Facility				—	35,000
712 Madison Avenue				—	28,000
2017 Master Repurchase Agreement ⁽⁶⁾				—	—
Total floating rate debt				\$ 361,051	\$ 917,677
Total fixed rate and floating rate debt				\$ 1,434,460	\$ 2,001,360
Mortgages reclassified to liabilities related to assets held for sale				(34,537)	—
Total mortgages and other loans payable				\$ 1,399,923	\$ 2,001,360
Deferred financing costs, net of amortization				(5,537)	(21,388)
Total mortgages and other loans payable, net				\$ 1,394,386	\$ 1,979,972

- (1) Reflects exercise of all available options. The ability to exercise extension options may be subject to certain tests based on the operating performance of the property.
- (2) Interest rate as of December 31, 2021, taking into account interest rate hedges in effect during the period. Floating rate debt is presented with the stated spread over the 30-day LIBOR, unless otherwise specified.
- (3) The loan is comprised of a \$33.6 million mortgage loan and \$0.9 million mezzanine 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 the fifth year.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

- (4) This loan is a \$225.0 million construction facility, with reductions in interest cost based on meeting certain conditions, and has an initial three year term with two one year extension options. In October 2021, an extension option was exercised, and the maturity date of this loan was extended by one year. Advances under the loan are subject to incurred costs and funded equity requirements.
- (5) In July 2021, the Company sold a 49% interest in the property. See Note 4, "Property Dispositions."
- (6) In June 2021, we exercised a one year extension option which extended the maturity date to June 2022. As of December 31, 2021, there was no outstanding balance on the \$400.0 million facility.

As of December 31, 2021 and 2020, the gross book value of the properties and debt and preferred equity investments collateralizing the mortgages and other loans payable was approximately \$2.1 billion and \$2.5 billion, respectively.

Federal Home Loan Bank of New York ("FHLB") Facility

As of December 31, 2020, the Company's wholly-owned subsidiary, Ticonderoga Insurance Company, or Ticonderoga, a Vermont licensed captive insurance company, was a member of the Federal Home Loan Bank of New York, or FHLB NY. As a member, Ticonderoga was able to borrow funds from the FHLB NY in the form of secured advances that bore interest at a floating rate. As a result of a Final Ruling from the Federal Housing Finance Authority, the regulator of the Federal Home Loan Bank system, all captive insurance company memberships were terminated as of February 2021. As such, all advances to Ticonderoga were repaid prior to such termination.

Master Repurchase Agreement

The Company entered into a Master Repurchase Agreement, or MRA, known as the 2017 MRA, which provides us with the ability to sell certain mortgage 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 facility 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 collateralize 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. As of December 31, 2021, there have been no margin calls on the 2017 MRA.

In April 2018, we increased the maximum facility capacity from \$300.0 million 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 is scheduled to mature in June 2022. As of December 31, 2021, the facility had no outstanding balance.

9. Corporate Indebtedness

2021 Credit Facility

In December 2021, we entered into an amended and restated credit facility, referred to as the 2021 credit facility, that was previously amended by the Company in November 2017, or the 2017 credit facility, and was originally entered into by the Company in November 2012, or the 2012 credit facility. As of December 31, 2021, the 2021 credit facility consisted of a \$1.25 billion revolving credit facility, a \$1.05 billion term loan (or "Term Loan A"), and a \$200.0 million term loan (or "Term Loan B") with maturity dates of May 15, 2026, May 15, 2027, and November 21, 2024, respectively. The revolving credit facility has two six-month as-of-right extension options to May 15, 2027. We also have an option, subject to customary conditions, to increase the capacity of the credit facility to \$4.5 billion at any time prior to the maturity dates for the revolving credit facility and term loans without the consent of existing lenders, by obtaining additional commitments from our existing lenders and other financial institutions.

As of December 31, 2021, the 2021 credit facility bore interest at a spread over adjusted Term SOFR plus 10 basis points with an interest period of one or three months, as we may elect, ranging from (i) 72.5 basis points to 140 basis points for loans under the revolving credit facility, (ii) 80 basis points to 160 basis points for loans under Term Loan A, and (iii) 85 basis points to 165 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. In instances where there are either only two ratings available or where there are more than two and the difference between them is one rating category, the applicable rating shall be the highest rating. In instances where there are more than two ratings and the difference between the highest and the lowest is two or more rating categories, then the applicable rating used is the average of the highest two, rounded down if the average is not a recognized category.

As of December 31, 2021, the applicable spread over adjusted Term SOFR plus 10 basis points was 85 basis points for the revolving credit facility, 95 basis points for Term Loan A, and 100 basis points for Term Loan B. We are required to pay

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

quarterly in arrears a 12.5 to 30 basis point facility fee on the total commitments under the revolving credit facility based on the credit rating assigned to the senior unsecured long term indebtedness of the Company. As of December 31, 2021, the facility fee was 20 basis points.

As of December 31, 2021, we had \$2.0 million of outstanding letters of credit, \$390.0 million drawn under the revolving credit facility and \$1.25 billion outstanding under the term loan facilities, with total undrawn capacity of \$860.0 million under the 2021 credit facility. As of December 31, 2021 and December 31, 2020, the revolving credit facility had a carrying value of \$381.3 million and \$105.3 million, respectively, net of deferred financing costs. As of December 31, 2021 and December 31, 2020, the term loan facilities had a carrying value of \$1.2 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 2021 credit facility.

The 2021 credit facility includes certain restrictions and covenants (see Restrictive Covenants below).

Senior Unsecured Notes

The following table sets forth our senior unsecured notes and other related disclosures as of December 31, 2021 and 2020, respectively, by scheduled maturity date (dollars in thousands):

Issuance	December 31, 2021 Unpaid Principal Balance	December 31, 2021 Accreted Balance	December 31, 2020 Accreted Balance	Interest Rate ⁽¹⁾	Initial Term (in Years)	Maturity Date
October 5, 2017 ⁽²⁾	\$ 500,000	\$ 499,913	\$ 499,803	3.25 %	5	October 2022
November 15, 2012 ⁽³⁾	300,000	301,002	302,086	4.50 %	10	December 2022
December 17, 2015 ⁽⁴⁾	100,000	100,000	100,000	4.27 %	10	December 2025
August 7, 2018	—	—	350,000	— %	3	August 2021
	<u>\$ 900,000</u>	<u>\$ 900,915</u>	<u>\$ 1,251,889</u>			
Deferred financing costs, net		<u>(1,607)</u>	<u>(3,670)</u>			
	<u><u>\$ 900,000</u></u>	<u><u>\$ 899,308</u></u>	<u><u>\$ 1,248,219</u></u>			

(1) Interest rate as of December 31, 2021, taking into account interest rate hedges in effect during the period.

(2) Issued by the Operating Partnership with the Company as the guarantor.

(3) In October 2017, the Company and the Operating Partnership 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% of par.

(4) Issued by the Company and the Operating Partnership as co-obligors.

Restrictive Covenants

The terms of the 2021 credit facility and certain of our senior unsecured notes include certain restrictions and covenants which may limit, among other things, our ability to pay dividends, make certain types of investments, incur additional indebtedness, incur liens and enter into negative pledge agreements and dispose of assets, and which require compliance with financial ratios relating to the maximum ratio of total indebtedness to total asset value, a minimum ratio of EBITDA to fixed charges, a maximum ratio of secured indebtedness to total asset value and a maximum ratio of unsecured indebtedness to unencumbered asset value. The dividend restriction referred to above provides that, we will not during any time when a default is continuing, make distributions with respect to common stock or other equity interests, except to enable the Company to continue to qualify as a REIT for Federal income tax purposes. As of December 31, 2021 and 2020, 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.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

Principal Maturities

Combined aggregate principal maturities of mortgages and other loans payable, the 2021 credit facility, trust preferred securities, senior unsecured notes and our share of joint venture debt as of December 31, 2021, including as-of-right extension 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
2022	\$ 8,754	\$ 448,835	\$ —	\$ —	\$ —	\$ 800,000	\$ 1,257,589	\$ 426,057
2023	6,583	50,000	—	—	—	—	56,583	750,696
2024	5,268	332,749	—	200,000	—	—	538,017	616,510
2025	812	—	—	—	—	100,000	100,812	1,391,185
2026	841	—	390,000	—	—	—	390,841	150,486
Thereafter	70	580,548	—	1,050,000	100,000	—	1,730,618	2,435,913
	<u>\$ 22,328</u>	<u>\$ 1,412,132</u>	<u>\$ 390,000</u>	<u>\$ 1,250,000</u>	<u>\$ 100,000</u>	<u>\$ 900,000</u>	<u>\$ 4,074,460</u>	<u>\$ 5,770,847</u>

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

	Year Ended December 31,		
	2021	2020	2019
Interest expense before capitalized interest	\$ 145,197	\$ 185,934	\$ 246,848
Interest on financing leases	5,448	8,091	3,243
Interest capitalized	(78,365)	(75,167)	(55,446)
Interest income	(1,389)	(2,179)	(4,124)
Interest expense, net	<u>\$ 70,891</u>	<u>\$ 116,679</u>	<u>\$ 190,521</u>

10. Related Party Transactions

Cleaning/ Security/ Messenger and Restoration Services

Alliance Building Services, or Alliance, and its affiliates, which provide services to certain properties owned by us, are partially owned by Gary Green, a son of Stephen L. Green, who serves as a member and as the chairman emeritus of our Board of Directors. 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 \$1.7 million, \$1.4 million and \$3.9 million for the years ended December 31, 2021, 2020 and 2019, respectively.

We also recorded expenses, inclusive of capitalized expenses, of \$14.0 million, \$13.3 million and \$18.8 million for the years ended December 31, 2021, 2020 and 2019, respectively, for these services (excluding services provided directly to tenants).

Management Fees

S.L. Green Management Corp., a consolidated entity, receives property management fees from an entity in which Stephen L. Green owns an interest. We received management fees from this entity of \$0.7 million, \$0.6 million and \$0.6 million for the years ended December 31, 2021, 2020, and 2019 respectively.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

One Vanderbilt Avenue Investment

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

Messrs. Holliday and Mathias cannot monetize their interests until after stabilization of the property (50% within three years after stabilization and 100% three years or more after stabilization). In addition, the agreement calls for us to repurchase these interests in the event of a sale of One Vanderbilt or a transactional change of control of the Company. We also have the right to repurchase these interests on the 7-year anniversary of the stabilization of the project or upon the occurrence of certain separation events prior to the stabilization of the project relating to each of Messrs. Holliday's and Mathias's continued service with us. The price paid upon monetization of the interests will equal the liquidation value of the interests at the time, with the value of One Vanderbilt being based on its sale price, if applicable, or fair market value as determined by an independent third party appraiser. As of December 31, 2021, stabilization of the property was achieved.

One Vanderbilt Avenue Leases

In November 2018, we entered into a lease agreement with the One Vanderbilt Avenue joint venture covering certain floors at the property. In March 2021, the lease commenced and we relocated our corporate headquarters to the leased space. For the year ended December 31, 2021, we recorded \$2.4 million of rent expense under the lease. Additionally, in June 2021, we entered into a lease agreement with the One Vanderbilt Avenue joint venture for SUMMIT One Vanderbilt, which commenced in October 2021. For the year ended December 31, 2021, we recorded \$5.0 million of rent expense under the lease. See Note 20, "Commitments and Contingencies."

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 as of December 31, 2021 and 2020 consisted of the following (in thousands):

	December 31,	
	2021	2020
Due from joint ventures	\$ 28,204	\$ 27,006
Other	1,204	7,651
Related party receivables	\$ 29,408	\$ 34,657

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.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

Common Units of Limited Partnership Interest in the Operating Partnership

As of December 31, 2021 and 2020, the noncontrolling interest unit holders owned 5.57%, or 3,781,565 units, and 5.59%, or 3,938,823 units, of the Operating Partnership, respectively, inclusive of retroactive adjustments to reflect the reverse stock split effectuated by SL Green in January 2022. As of December 31, 2021, 3,781,565 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 twelve months ended December 31, 2021 and 2020 (in thousands):

	December 31,	
	2021	2020
Balance at beginning of period	\$ 358,262	\$ 409,862
Distributions	(15,749)	(12,652)
Issuance of common units	18,678	12,018
Redemption and conversion of common units	(53,289)	(36,085)
Net income	25,457	20,016
Accumulated other comprehensive loss allocation	1,042	(2,299)
Fair value adjustment	9,851	(32,598)
Balance at end of period	\$ 344,252	\$ 358,262

Preferred Units of Limited Partnership Interest in the Operating Partnership

Below is a summary of the preferred units of limited partnership interest in the Operating Partnership as of December 31, 2021:

Issuance	Stated Distribution Rate	Number of Units Authorized	Number of Units Issued	Number of Units Outstanding	Annual Dividend Per Unit ⁽¹⁾	Liquidation Preference Per Unit ⁽²⁾	Conversion Price Per Unit ⁽³⁾	Date of Issuance
Series A ⁽⁴⁾	3.50 %	109,161	109,161	109,161	\$ 35.0000	\$ 1,000.00	\$ —	August 2015
Series F	7.00 %	60	60	60	70.0000	1,000.00	29.12	January 2007
Series G ⁽⁵⁾	4.50 %	1,902,000	1,902,000	718,697	1.1250	25.00	88.50	January 2012
Series K	3.50 %	700,000	563,954	341,677	0.8750	25.00	134.67	August 2014
Series L	4.00 %	500,000	378,634	372,634	1.0000	25.00	—	August 2014
Series P	4.00 %	200,000	200,000	200,000	1.0000	25.00	—	July 2015
Series Q	3.50 %	268,000	268,000	268,000	0.8750	25.00	148.95	July 2015
Series R	3.50 %	400,000	400,000	400,000	0.8750	25.00	154.89	August 2015
Series S	4.00 %	1,077,280	1,077,280	1,077,280	1.0000	25.00	—	August 2015
Series V	3.50 %	40,000	40,000	40,000	0.8750	25.00	—	May 2019
Series W ⁽⁶⁾	(6)	1	1	1	(6)	(6)	(6)	January 2020

(1) Dividends are cumulative, subject to certain provisions.

(2) Units are redeemable at any time at par for cash at the option of the unitholder unless otherwise specified.

(3) If applicable, 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) the amount shown in the table.

(4) Issued through a consolidated subsidiary. The units are convertible on a one-for-one basis, into the Series B Preferred Units of limited partnership interest, or the Subsidiary Series B Preferred Units. The Subsidiary Series B Preferred Units can be converted at any time, at the option of the unitholder, into a number of common stock equal to 6.71348 shares of common stock for each Subsidiary Series B Preferred Unit. As of December 31, 2021, no Subsidiary Series B Preferred Units have been issued.

(5) Common units of limited partnership interest in the Operating Partnership issued in a conversion may be redeemed in exchange for our common stock on a 1-to-1 basis. The Series G Preferred Units also provided the holder with the right to require the Operating Partnership to repurchase the Series G Preferred Units for cash before January 31, 2022, which the holder did not execute.

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Notes to Consolidated Financial Statements (cont.)
December 31, 2021

- (6) The Series W preferred unit was issued in January 2020 in exchange for the then-outstanding Series O preferred unit. The holder of the Series W preferred unit is entitled to quarterly dividends in an amount calculated as (i) 1,350 multiplied by (ii) the current distribution per common unit of limited partnership in SL Green Operating Partnership. The holder has the right to require the Operating Partnership to repurchase the Series W unit for cash, or convert the Series W unit for Class B units, in each case at a price that is determined based on the closing price of the Company's common stock at the time such right is exercised. The unit's liquidation preference is the fair market value of the unit plus accrued distributions at the time of a liquidation event.

Below is a summary of the activity relating to the preferred units in the Operating Partnership for the twelve months ended December 31, 2021 and 2020 (in thousands):

	December 31,	
	2021	2020
Balance at beginning of period	\$ 202,169	\$ 283,285
Issuance of preferred units	—	—
Redemption of preferred units	(6,040)	(82,750)
Dividends paid on preferred units	(6,760)	(6,163)
Accrued dividends on preferred units	6,706	7,797
Balance at end of period	<u>\$ 196,075</u>	<u>\$ 202,169</u>

12. Stockholders' Equity of the Company

Common Stock

Our authorized capital stock consists of 260,000,000 shares, \$0.01 par value per share, consisting of 160,000,000 shares of common stock, \$0.01 par value per share, 75,000,000 shares of excess stock, at \$0.01 par value per share, and 25,000,000 shares of preferred stock, par value \$0.01 per share. As of December 31, 2021, 64,105,276 shares of common stock and no shares of excess stock were issued and outstanding.

On December 2, 2021 our Board of Directors declared an ordinary dividend of \$0.3108 per share (\$0.3203 per share reflecting reverse stock split noted below) and a special dividend of \$2.4392 per share (\$2.5138 per share reflecting reverse stock split noted below) (together, "the Total Dividend"). The Total Dividend was paid on January 18, 2022 to shareholders of record at the close of business on December 15, 2021 ("the Record Date"). Shareholders had the opportunity to elect to receive the Total Dividend in the form of all cash or all stock, subject to proration if either option was oversubscribed.

To mitigate the dilutive impact of the common stock issued in the special dividend, the board of directors also authorized a reverse stock split, which was effective after markets closed on January 21, 2022. On January 10, 2022, a committee of the Board of Directors calculated the ratio for the reverse stock split of our issued and outstanding shares of common stock as 1.03060-for-1. After the issuance of the dividend and the completion of the reverse stock split, the number of shares of our common stock outstanding was equivalent to the number of total shares outstanding on the Record Date (not including any issuances or repurchases that occurred following the Record Date, as well as any fractional shares that would have been issued but for which cash-in-lieu was paid). However, on a relative basis, some individual shareholders may have more shares of SLG's common stock, and some individual shareholders may have fewer shares of our common stock, depending on their individual elections to receive cash or stock and as a result of the cash option being oversubscribed.

All share-related references and measurements including the number of shares outstanding, share prices, number of shares repurchased, earnings per share, dividends per share, and share-based compensation awards, have been retroactively adjusted to reflect the reverse stock split for all periods presented in this Annual Report on Form 10-K.

Share Repurchase Program

In August 2016, our Board of Directors approved a \$1.0 billion share repurchase program under which we can buy shares of our common stock. The Board of Directors has since authorized five separate \$500.0 million increases to the size of the share repurchase program in the fourth quarter of 2017, second quarter of 2018, fourth quarter of 2018, fourth quarter of 2019, and fourth quarter of 2020 bringing the total program size to \$3.5 billion.

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Notes to Consolidated Financial Statements (cont.)
December 31, 2021

As of December 31, 2021, share repurchases, excluding the redemption of OP Units, executed under the program were as follows:

Period	Shares repurchased	Average price paid per share	Cumulative number of shares repurchased as part of the repurchase plan or programs
Year ended 2017	7,865,206	\$107.81	7,865,206
Year ended 2018	9,187,480	\$102.06	17,052,686
Year ended 2019	4,333,260	\$88.69	21,385,946
Year ended 2020	8,285,460	\$64.30	29,671,406
Year ended 2021	4,474,649	\$75.44	34,146,055

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 any time, in whole or from time to time in part, at par for cash. In August 2012, we received \$221.9 million in net proceeds from the issuance of the Series I Preferred Stock, which were recorded net of underwriters' discount and issuance costs, and contributed the net proceeds to the Operating Partnership in exchange for 9,200,000 units of 6.50% Series I Cumulative Redeemable Preferred Units of limited partnership interest, or the Series I Preferred Units.

Dividend Reinvestment and Stock Purchase Plan ("DRSPP")

In February 2021, 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 years ended December 31, 2021, 2020, and 2019, respectively (dollars in thousands):

	Year Ended December 31,		
	2021	2020	2019
Shares of common stock issued	10,387	16,181	3,645
Dividend reinvestments/stock purchases under the DRSPP	\$ 738	\$ 1,006	\$ 334

Earnings per Share

We use the two-class method of computing earnings per share ("EPS"), which is an earnings allocation formula that determines EPS for common stock and any participating securities according to dividends declared (whether paid or unpaid). Under the two-class method, basic EPS is computed by dividing the income available to common stockholders by the weighted-average number of common stock shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from share equivalent activity.

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December 31, 2021

SL Green's earnings per share for the years ended December 31, 2021, 2020, and 2019 are computed as follows (in thousands):

Numerator	Year Ended December 31,		
	2021	2020	2019
Basic Earnings:			
Income attributable to SL Green common stockholders	\$ 434,804	\$ 356,105	\$ 255,484
Less: distributed earnings allocated to participating securities	(2,398)	(1,685)	(1,700)
Less: undistributed earnings allocated to participating securities	(192)	(137)	—
Net income attributable to SL Green common stockholders (numerator for basic earnings per share)	\$ 432,214	\$ 354,283	\$ 253,784
Add back: dilutive effect of earnings allocated to participating securities and contingently issuable shares	2,039	1,685	1,700
Add back: undistributed earnings allocated to participating securities	192	137	—
Add back: Effect of dilutive securities (redemption of units to common shares)	25,457	20,016	13,301
Income attributable to SL Green common stockholders (numerator for diluted earnings per share)	<u>\$ 459,902</u>	<u>\$ 376,121</u>	<u>\$ 268,785</u>
Denominator	Year Ended December 31,		
	2021	2020	2019
Basic Shares:			
Weighted average common stock outstanding	65,740	70,397	77,057
Effect of Dilutive Securities:			
Operating Partnership units redeemable for common shares	3,987	4,096	4,275
Stock-based compensation plans	705	441	533
Contingently issuable shares	337	144	—
Diluted weighted average common stock outstanding	<u>70,769</u>	<u>75,078</u>	<u>81,865</u>

The Company has excluded 948,017, 1,676,825 and 1,181,014 common stock equivalents from the calculation of diluted shares outstanding for the years ended December 31, 2021, 2020, and 2019 respectively, as they were anti-dilutive.

13. Partners' Capital of the Operating Partnership

The Company is the sole managing general partner of the Operating Partnership and as of December 31, 2021 owned 64,105,276 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.

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All unit-related references and measurements including the number of units outstanding and earnings per unit have been retroactively adjusted to reflect the reverse stock split effectuated by SL Green's Board of Directors in January 2021 for all periods presented in this Annual Report on Form 10-K.

Limited Partner Units

As of December 31, 2021, limited partners other than SL Green owned 3,781,565 common units of the Operating Partnership.

Preferred Units

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

Earnings per Unit

The Operating Partnership's earnings per unit for the years ended December 31, 2021, 2020, and 2019 respectively are computed as follows (in thousands):

Numerator	Year Ended December 31,		
	2021	2020	2019
Basic Earnings:			
Net income attributable to SLGOP common unitholders (numerator for diluted earnings per unit)	\$ 460,261	\$ 376,121	\$ 268,785
Less: distributed earnings allocated to participating securities	(2,398)	(1,685)	(1,700)
Less: undistributed earnings allocated to participating securities	(192)	(137)	—
Net Income attributable to SLGOP common unitholders (numerator for basic earnings per unit)	\$ 457,671	\$ 374,299	\$ 267,085
Add back: dilutive effect of earnings allocated to participating securities and contingently issuable shares	2,590	1,822	1,700
Income attributable to SLGOP common unitholders	<u>\$ 460,261</u>	<u>\$ 376,121</u>	<u>\$ 268,785</u>
Denominator	Year Ended December 31,		
	2021	2020	2019
Basic units:			
Weighted average common units outstanding	69,667	74,493	81,332
Effect of Dilutive Securities:			
Stock-based compensation plans	765	441	543
Contingently issuable units	337	144	(10)
Diluted weighted average common units outstanding	<u>70,769</u>	<u>75,078</u>	<u>81,865</u>

The Operating Partnership has excluded 948,017, 1,676,825 and 1,181,014 common unit equivalents from the diluted units outstanding for the years ended December 31, 2021, 2020, and 2019, respectively, as they were anti-dilutive.

14. Share-based Compensation

We have share-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.

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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., 10-year stock options) counting as 1.0 fungible units per share subject to such awards. Awards granted under the 2005 Plan prior to the approval of the fourth amendment and restatement in June 2016 continue to count against the fungible unit limit based on the ratios that were in effect at the time such awards were granted, which may be different than the current ratios. As a result, depending on the types of awards issued, the 2005 Plan may result in the issuance of more or less than 27,030,000 shares. If a stock option or other award granted under the 2005 Plan expires or terminates, the common stock subject to any portion of the award that expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Shares of our common stock distributed under the 2005 Plan may be treasury shares or authorized but unissued shares. Currently, unless the 2005 Plan has been previously terminated by the Company's Board of Directors, new awards may be granted under the 2005 Plan until June 2, 2026, which is the tenth anniversary of the date that the 2005 Plan was most recently approved by the Company's stockholders. As of December 31, 2021, 2.0 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.

Stock Options and Class O LTIP Units

Options are granted 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 years or ten years from the date of grant, are not transferable other than on death, and generally vest in one year 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. There were no options granted during the years ended December 31, 2021, 2020, and 2019.

A summary of the status of the Company's stock options as of December 31, 2021, 2020, and 2019 and changes during the years ended December 31, 2021, 2020, and 2019 are as follows:

	2021		2020		2019	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Balance at beginning of year	761,686	\$ 105.76	977,745	\$ 108.57	1,071,977	\$ 109.82
Exercised	(11,314)	72.30	—	—	—	—
Lapsed or canceled	(356,283)	112.56	(216,059)	118.49	(94,232)	122.84
Balance at end of year	<u>394,089</u>	<u>\$ 100.56</u>	<u>761,686</u>	<u>\$ 105.76</u>	<u>977,745</u>	<u>\$ 108.57</u>
Options exercisable at end of year	394,089	\$ 100.56	760,743	\$ 105.76	862,593	\$ 107.86

The remaining weighted average contractual life of the options outstanding was 2.3 years and the remaining weighted average contractual life of the options exercisable was 2.3 years.

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During the years ended December 31, 2021, 2020, and 2019, we recognized compensation expense for these options of \$0.0 million, \$0.0 million, and \$2.5 million, respectively. As of December 31, 2021, there was no unrecognized compensation cost related to unvested stock options.

Restricted Shares

Shares are granted to certain employees, including our executives, and vesting occurs upon the completion of a service period or our meeting established financial performance criteria. Vesting occurs at rates ranging from 15% to 35% once performance criteria are reached.

A summary of the Company's restricted stock as of December 31, 2021, 2020, and 2019 and changes during the years ended December 31, 2021, 2020, and 2019 are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Balance at beginning of year	3,337,545	3,362,456	3,254,553
Granted	141,515	8,693	119,122
Canceled	(19,697)	(33,604)	(11,219)
Balance at end of year	<u>3,459,363</u>	<u>3,337,545</u>	<u>3,362,456</u>
Vested during the year	122,759	125,064	106,780
Compensation expense recorded	\$ 8,497,054	\$ 10,895,459	\$ 12,892,249
Total fair value of restricted stock granted during the year	\$ 9,214,531	\$ 734,315	\$ 11,131,181

The fair value of restricted stock that vested during the years ended December 31, 2021, 2020, and 2019 was \$11.3 million, \$12.5 million and \$12.1 million, respectively. As of December 31, 2021, there was \$6.9 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.

We granted LTIP Units, which include bonus, time-based and performance-based awards, with a fair value of \$55.0 million and \$37.0 million during the years ended December 31, 2021 and 2020, respectively. The grant date fair value of the LTIP Unit awards was calculated in accordance with ASC 718. A third-party consultant determined that the fair value of the LTIP Units has a discount to our common stock price. The discount was calculated by considering the inherent uncertainty that the LTIP Units will reach parity with other common partnership units and the illiquidity due to transfer restrictions. As of December 31, 2021, there was \$46.6 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 1.7 years.

During the years ended December 31, 2021, 2020, and 2019, we recorded compensation expense related to bonus, time-based and performance-based awards of \$41.9 million, \$29.4 million, and \$22.2 million, respectively.

For the years ended December 31, 2021, 2020, and 2019, \$2.1 million, \$2.2 million, and \$2.1 million, respectively, was capitalized to assets associated with compensation expense related to our long-term compensation plans, restricted stock and stock options.

Deferred Compensation Plan for Directors

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

During the year ended December 31, 2021, 24,426 phantom stock units and 12,312 shares of common stock were issued to our Board of Directors. We recorded compensation expense of \$2.3 million during the year ended December 31, 2021 related to the Deferred Compensation Plan. As of December 31, 2021, there were 165,201 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 provide equity-based incentives to eligible employees. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code, and has been adopted by the board to enable our eligible employees to purchase the Company's shares of common stock through payroll deductions. The ESPP became effective on January 1, 2008 with a maximum of 500,000 shares of the common stock available for issuance, subject to adjustment upon a merger, reorganization, stock split or other similar corporate change. The Company filed a registration statement on Form S-8 with the SEC with respect to the ESPP. The common stock is offered for purchase through a series of successive offering periods. Each offering period will be three months in duration and will begin on the first day of each calendar quarter, with the first offering period having commenced on January 1, 2008. The ESPP provides for eligible employees to purchase the common stock at a purchase price equal to 85% of the lesser of (1) the market value of the common stock on the first day of the offering period or (2) the market value of the common stock on the last day of the offering period. The ESPP was approved by our stockholders at our 2008 annual meeting of stockholders. As of December 31, 2021, 172,421 shares of our common stock had been issued under the ESPP.

15. Accumulated Other Comprehensive Loss

The following tables set forth the changes in accumulated other comprehensive (loss) income by component as of December 31, 2021, 2020 and 2019 (in thousands):

	Net unrealized (loss) gain on derivative instruments ⁽¹⁾	SL Green's share of joint venture net unrealized (loss) gain on derivative instruments ⁽²⁾	Net unrealized gain on marketable securities	Total
Balance at December 31, 2018	\$ 9,716	\$ 4,299	\$ 1,093	\$ 15,108
Other comprehensive (loss) income before reclassifications	(32,723)	(11,956)	1,184	(43,495)
Amounts reclassified from accumulated other comprehensive loss	227	(325)	—	(98)
Balance at December 31, 2019	(22,780)	(7,982)	2,277	(28,485)
Other comprehensive loss before reclassifications	(48,532)	(7,573)	(1,256)	(57,361)
Amounts reclassified from accumulated other comprehensive loss	13,897	4,702	—	18,599
Balance at December 31, 2020	(57,415)	(10,853)	1,021	(67,247)
Other comprehensive income (loss) before reclassifications	14,908	(18,015)	96	(3,011)
Amounts reclassified from accumulated other comprehensive loss	16,626	6,874	—	23,500
Balance at December 31, 2021	<u>\$ (25,881)</u>	<u>\$ (21,994)</u>	<u>\$ 1,117</u>	<u>\$ (46,758)</u>

- (1) Amount reclassified from accumulated other comprehensive loss is included in interest expense in the respective consolidated statements of operations. As of December 31, 2021 and 2020, the deferred net gains from these terminated hedges, which is included in accumulated other comprehensive loss relating to net unrealized gain (loss) on derivative instruments, was \$(0.6) million and \$(0.5) million, respectively.
- (2) Amount reclassified from accumulated other comprehensive loss is included in equity in net loss 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 certain of 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 certain 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

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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 as of December 31, 2021 and 2020 (in thousands):

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities available-for-sale	\$ 24,146	\$ —	\$ 24,146	\$ —
Interest rate cap and swap agreements (included in Other assets)	\$ 1,896	\$ —	\$ 1,896	\$ —
Liabilities:				
Interest rate cap and swap agreements (included in Other liabilities)	\$ 29,912	\$ —	\$ 29,912	\$ —
December 31, 2020				
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities available-for-sale	\$ 28,570	\$ —	\$ 28,570	\$ —
Interest rate cap and swap agreements (included in Other assets)	\$ 28	\$ —	\$ 28	\$ —
Liabilities:				
Interest rate cap and swap agreements (included in Other liabilities)	\$ 61,217	\$ —	\$ 61,217	\$ —

We evaluate real estate investments and debt and preferred equity investments, including intangibles, for potential impairment 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 September 2021, the Company was the successful bidder at the foreclosure of 690 Madison Avenue, at which time the company, at which time the Company's outstanding principal and accrued interest balance were credited to our equity investment in the property as it previously served as collateral for a debt and preferred equity investment. We recorded the assets acquired and liabilities assumed at fair value. 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.

In July 2021, the Company sold a 49% interest in its 220 East 42nd Street investment, which resulted in the Company no longer retaining a controlling interest in the entity, as defined in ASC 810, and the deconsolidation of the 51.0% interest we retained. We recorded our investment at fair value which resulted in the recognition of a fair value adjustment of \$206.8 million during the year ended December 31, 2021. The fair value of our investment was determined by the terms of the joint venture agreement.

In January 2021, pursuant to the partnership documents of our 885 Third Ave investments, certain participating rights of the common member expired. As a result, it was determined that this investment is a VIE in which we are the primary beneficiary, and the investment was consolidated in our financial statements. Upon consolidating the entity, the assets and liabilities of the entity were recorded at fair value. 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.

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In December 2020, the Company determined there were indicators of impairment in two of its retail assets, 106 Spring Street and 133 Greene Street. The Company tested the recoverability of the assets and, as a result of the carrying amount of the assets being deemed not recoverable, recorded impairments of \$39.7 million and \$14.1 million, respectively. These charges are included in Depreciable real estate reserves and impairments in the consolidated statements of operations. The fair value of the assets were determined primarily using 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 2020, the Company admitted partners to the One Madison Avenue development project, which resulted in the Company no longer retaining a controlling interest in the entity, as defined in ASC 810, and the deconsolidation of our remaining 50.5% interest. We recorded our investment at fair value, which resulted in the recognition of a fair value adjustment of \$187.5 million. The fair value of our investment was determined by the terms of the joint venture agreement governing the capitalization of the project.

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. We do not intend to sell these securities and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost bases.

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

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

The following table provides the carrying value and fair value of these financial instruments as of December 31, 2021 and December 31, 2020 (in thousands):

	December 31, 2021		December 31, 2020	
	Carrying Value ⁽¹⁾	Fair Value	Carrying Value ⁽¹⁾	Fair Value
Debt and preferred equity investments	\$ 1,088,723	⁽²⁾	\$ 1,076,542	⁽²⁾
Fixed rate debt	\$ 3,274,324	\$ 3,336,463	\$ 3,135,572	\$ 3,237,075
Variable rate debt	801,051	800,672	1,827,677	1,822,740
	\$ 4,075,375	\$ 4,137,135	\$ 4,963,249	\$ 5,059,815

(1) Amounts exclude net deferred financing costs.

(2) As of December 31, 2021, debt and preferred equity investments had an estimated fair value ranging between \$1.0 billion and \$1.1 billion. As of December 31, 2020, debt and preferred equity investments had an estimated fair value ranging between \$1.0 billion and \$1.1 billion.

Disclosures regarding the fair value of financial instruments was based on pertinent information available to us as of December 31, 2021 and 2020. 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.

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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, collars 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 (loss) until the hedged item is 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 as of December 31, 2021 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 (dollars in thousands).

	<u>Notional Value</u>	<u>Strike Rate</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Balance Sheet Location</u>	<u>Fair Value</u>
Interest Rate Cap	\$ 85,000	4.000 %	March 2021	March 2022	Other Assets	\$ —
Interest Rate Cap	111,869	3.500 %	November 2021	November 2022	Other Assets	1
Interest Rate Swap	100,000	0.212 %	January 2021	January 2023	Other Assets	376
Interest Rate Swap	400,000	0.184 %	January 2022	February 2023	Other Assets	1,519
Interest Rate Swap	100,000	1.161 %	November 2021	July 2023	Other Liabilities	(733)
Interest Rate Swap	200,000	1.131 %	November 2021	July 2023	Other Liabilities	(1,371)
Interest Rate Swap	150,000	2.696 %	December 2021	January 2024	Other Liabilities	(5,625)
Interest Rate Swap	150,000	2.721 %	December 2021	January 2026	Other Liabilities	(9,369)
Interest Rate Swap	200,000	2.740 %	December 2021	January 2026	Other Liabilities	(12,814)
						<u>\$ (28,016)</u>

During the years ended December 31, 2021, 2020, and 2019, we recorded losses of \$0.0 million, \$0.1 million, and \$0.1 million, respectively, on the changes in the fair value, which is included in interest expense in the consolidated statements of operations.

The Company frequently has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, then the Company could also be declared in default on its derivative obligations. As of December 31, 2021, 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 \$31.3 million. As of December 31, 2021, the Company was not required to post 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 \$31.8 million as of December 31, 2021.

Gains and losses on terminated hedges are included in accumulated other comprehensive income (loss), 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 loss will be reclassified into earnings as an adjustment to interest expense in the same periods in which the hedged interest payments affect earnings. We estimate that \$11.5 million of the current balance held in accumulated other comprehensive loss will be reclassified in interest expense and \$3.8 million of the portion related to our share of joint venture accumulated other comprehensive loss will be reclassified into equity in net loss from unconsolidated joint ventures within the next 12 months.

The following table presents the effect of our derivative financial instruments and our share of our joint ventures' derivative financial instruments that are designated and qualify as hedging instruments on the consolidated statements of operations for the years ended December 31, 2021, 2020, and 2019, respectively (in thousands):

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

Derivative	Amount of Loss Recognized in Other Comprehensive Loss			Location of (Loss) Gain Reclassified from Accumulated Other Comprehensive Loss into Income	Amount of (Loss) Gain Reclassified from Accumulated Other Comprehensive Loss into Income		
	Year Ended December 31,				Year Ended December 31,		
	2021	2020	2019		2021	2020	2019
Interest Rate Swaps/Caps	\$ 15,643	\$ (51,244)	\$ (33,907)	Interest expense	\$ (17,602)	\$ (14,569)	\$ (261)
Share of unconsolidated joint ventures' derivative instruments	(19,400)	(7,977)	(10,322)	Equity in net (loss) income from unconsolidated joint ventures	(7,582)	(4,911)	256
	<u>\$ (3,757)</u>	<u>\$ (59,221)</u>	<u>\$ (44,229)</u>		<u>\$ (25,184)</u>	<u>\$ (19,480)</u>	<u>\$ (5)</u>

The following table summarizes the notional value at inception and fair value of our joint ventures' derivative financial instruments as of December 31, 2021 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 (dollars in thousands).

	Notional Value	Strike Rate	Effective Date	Expiration Date	Classification	Fair Value
Interest Rate Cap	\$ 220,000	4.000 %	February 2020	February 2022		\$ —
Interest Rate Cap	1,075,000	2.850 %	September 2021	September 2022		5
Interest Rate Cap	125,000	2.850 %	September 2021	September 2022		1
Interest Rate Cap	23,000	4.750 %	January 2021	January 2023		1
Interest Rate Cap	510,000	3.000 %	December 2021	June 2023		155
Interest Rate Cap	1,250,000	1.250 %	November 2020	October 2024		8,657
Interest Rate Swap	177,000	1.669 %	March 2016	February 2026		(3,560)
						<u>\$ 5,259</u>

18. Lease Income

The Operating Partnership is the lessor and the sublessor to tenants under operating and sales-type leases. The minimum rental amounts due under the leases are generally subject to scheduled fixed increases or adjustments. The leases generally also require that the tenants reimburse us for increases in certain operating costs and real estate taxes above their base year costs.

Future minimum rents to be received over the next five years and thereafter for operating leases in effect at December 31, 2021 are as follows (in thousands):

2022	\$ 532,046
2023	485,299
2024	443,632
2025	415,241
2026	374,661
Thereafter	<u>1,655,647</u>
	<u>\$ 3,906,526</u>

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

The components of lease income from operating leases during the years ended December 31, 2021 and 2020 were as follows (in thousands):

	Twelve Months Ended December 31,	
	2021	2020
Fixed lease payments	\$ 600,474	\$ 702,482
Variable lease payments	73,542	96,040
Total lease payments	\$ 674,016	\$ 798,522
Amortization of acquired above and below-market leases	4,160	5,901
Total rental revenue	<u>\$ 678,176</u>	<u>\$ 804,423</u>

(1) Amounts include \$229.2 million and \$237.9 million of sublease income for the years ended December 31, 2021 and 2020, respectively.

The table below summarizes our investment in sales-type leases as of December 31, 2021:

Property	Year of Current Expiration	Year of Final Expiration ⁽¹⁾
15 Beekman ⁽²⁾	2089	2089

(1) Reflects exercise of all available renewal options.

(2) In August 2020, the Company formed a joint venture, which then entered into a long-term sublease with the Company for the building at 15 Beekman. See Note 6, "Investments in Unconsolidated Joint Ventures."

Future minimum lease payments to be received over the next five years and thereafter for our sales-type leases with initial terms in excess of one year as of December 31, 2021 are as follows (in thousands):

	Sales-type leases	
2022	\$	3,087
2023		3,133
2024		3,180
2025		3,228
2026		3,276
Thereafter		203,494
Total minimum lease payments	\$	219,398
Amount representing interest		(116,376)
Investment in sales-type leases ⁽¹⁾	<u>\$</u>	<u>103,022</u>

(1) This amount is included in Other assets in our consolidated balance sheets.

The components of lease income from sales-type leases during the years ended December 31, 2021 and 2020 were as follows (in thousands):

	Twelve Months Ended December 31,	
	2021	2020
Loss recognized at commencement, net ⁽¹⁾	\$ —	\$ (6,237)
Interest income ⁽²⁾	4,422	1,817
Total gain (loss) recognized on sales-type leases	<u>\$ 4,422</u>	<u>\$ (4,420)</u>

(1) These amounts are included in Gain on sale of real estate, net and Depreciable real estate reserves and impairments in our consolidated statements of operations.

(2) These amounts are included in Other income in our consolidated statements of operations.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

19. Benefit Plans

The building employees are covered by multi-employer defined benefit pension plans and post-retirement health and welfare plans. We participate in the Building Service 32BJ, or Union, Pension Plan and Health Plan. The Pension Plan is a multi-employer, non-contributory defined benefit pension plan that was established under the terms of collective bargaining agreements between the Service Employees International Union, Local 32BJ, the Realty Advisory Board on Labor Relations, Inc. and certain other employees. This Pension Plan is administered by a joint board of trustees consisting of union trustees and employer trustees and operates under employer identification number 13-1879376. The Pension Plan year runs from July 1 to June 30. Employers contribute to the Pension Plan at a fixed rate on behalf of each covered employee. Separate actuarial information regarding such pension plans is not made available to the contributing employers by the union administrators or trustees, since the plans do not maintain separate records for each reporting unit. However, on September 28, 2019, September 27, 2020, and September 28, 2021, the actuary certified that for the plan years beginning July 1, 2019, July 1, 2020, and July 1, 2021, the Pension Plan was in critical status under the Pension Protection Act of 2006. The Pension Plan trustees adopted a rehabilitation plan consistent with this requirement. No surcharges have been paid to the Pension Plan as of December 31, 2021. As of the date of this report, information was not yet available for the Pension Plan year ended June 30, 2021. For the Pension Plan years ended June 30, 2020 and 2019, the plan received contributions from employers totaling \$291.3 million and \$290.1 million, respectively. Our contributions to the Pension Plan represent less than 5.0% of total contributions to the plan.

The Health Plan was established under the terms of collective bargaining agreements between the Union, the Realty Advisory Board on Labor Relations, Inc. and certain other employers. The Health Plan provides health and other benefits to eligible participants employed in the building service industry who are covered under collective bargaining agreements, or other written agreements, with the Union. The Health Plan is administered by a Board of Trustees with equal representation by the employers and the Union and operates under employer identification number 13-2928869. The Health Plan receives contributions in accordance with collective bargaining agreements or participation agreements. Generally, these agreements provide that the employers contribute to the Health Plan at a fixed rate on behalf of each covered employee. As of the date of this report, information was not yet available for the Health Plan year ended June 30, 2021. For the Health Plan years ended, June 30, 2020 and 2019, the plan received contributions from employers totaling \$1.6 billion and \$1.5 billion, respectively. Our contributions to the Health Plan represent less than 5.0% of total contributions to the plan.

Contributions we made to the multi-employer plans for the years ended December 31, 2021, 2020 and 2019 are included in the table below (in thousands):

Benefit Plan	2021	2020	2019
Pension Plan	\$ 1,994	\$ 2,480	\$ 3,103
Health Plan	6,333	7,688	9,949
Other plans	849	929	1,108
Total plan contributions	<u>\$ 9,176</u>	<u>\$ 11,097</u>	<u>\$ 14,160</u>

401(K) Plan

In August 1997, we implemented a 401(K) Savings/Retirement Plan, or the 401(K) Plan, to cover eligible employees of ours, and any designated affiliate. The 401(K) Plan permits eligible employees to defer up to 15% of their annual compensation, subject to certain limitations imposed by the Code. The employees' elective deferrals are immediately vested and non-forfeitable upon contribution to the 401(K) Plan. During 2003, we amended our 401(K) Plan to provide for discretionary matching contributions only. For 2021, 2020 and 2019, a matching contribution equal to 100% of the first 4% of annual compensation was made. For the years ended December 31, 2021, December 31, 2020, and December 31, 2019 we made matching contributions of \$1.5 million, \$1.7 million, and \$1.6 million, respectively.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

20. Commitments and Contingencies

Legal Proceedings

As of December 31, 2021, 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.

In September 2021, the Company acquired the fee position in 1591-1597 Broadway. A third party has asserted ownership rights to the fee, which the Company is contesting. See Note 3, "Property Acquisitions."

On October 31, 2021, HNA, through an affiliated entity, filed for Chapter 11 bankruptcy protection on account of its investment in 245 Park Avenue, together with another asset in Chicago. The Company contested the filing, on the basis that the filing was done in bad faith and in violation of HNA's agreements with the Company, and is currently appealing the Bankruptcy court's ruling upholding the filing by HNA. See Note 5, "Debt and Preferred Equity Investments."

Environmental Matters

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

Employment Agreements

We have entered into employment agreements with certain executives, which expire between December 2023 and January 2025. The minimum cash-based compensation, including base salary and guaranteed bonus payments, associated with these employment agreements total \$3.4 million for 2022.

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 development projects. Additionally, one of our captive insurance companies, Belmont Insurance Company, or Belmont, provides coverage for NBCR terrorist acts above a specified trigger. Belmont's retention is reinsured by our other captive insurance company, Ticonderoga Insurance Company ("Ticonderoga"). If Belmont or Ticonderoga are required to pay a claim under our insurance policies, we would ultimately record the loss to the extent of required payments. 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 our debt 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 and Ticonderoga provide coverage solely on properties owned by the Company or its affiliates.

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

Belmont had loss reserves of \$2.9 million and \$2.9 million as of December 31, 2021 and 2020, respectively. Ticonderoga had no loss reserves as of December 31, 2021 and 2020.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

Lease Arrangements

We are a tenant under leases for certain properties, including ground leases. These leases have expirations from 2022 to 2119, or 2043 to 2119 as fully extended. Certain leases offer extension options which we assess against relevant economic factors to determine whether we are reasonably certain of exercising or not exercising the option. Lease payments associated with renewal periods that we are reasonably certain will be exercised, if any, are included in the measurement of the corresponding lease liability and right of use asset.

Certain of our leases are subject to rent resets, generally based on a percentage of the then fair market value, a fixed amount, or a percentage of the preceding rent at specified future dates. Rent resets will be recognized in the periods in which they are incurred. Additionally, certain of our leases are subject to percentage rent arrangements based on thresholds established in the lease agreement, such as percentage of sales at the property. Percentage rents will be recognized in the periods in which they are incurred.

The table below summarizes our current lease arrangements as of December 31, 2021:

Property ⁽¹⁾	Year of Current Expiration	Year of Final Expiration ⁽²⁾
625 Madison Avenue	2022	2054
711 Third Avenue ⁽³⁾	2033	2083
1185 Avenue of the Americas	2043	2043
SL Green Headquarters at One Vanderbilt ⁽⁴⁾	2043	2048
420 Lexington Avenue	2050	2080
SUMMIT One Vanderbilt	2058	2070
885 Third Avenue	2080	2080
1080 Amsterdam Avenue ⁽⁵⁾	2111	2111
15 Beekman ⁽⁶⁾⁽⁷⁾	2119	2119

(1) All leases are classified as operating leases unless otherwise specified.

(2) Reflects exercise of all available extension options.

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

(4) In March 2021, the Company commenced its lease for its corporate headquarters at One Vanderbilt. See note 10, "Related Party Transactions."

(5) A portion of the lease is classified as a financing lease, which was classified as held for sale as of December 31, 2021.

(6) The Company has an option to purchase the ground lease for a fixed price on a specific date. The lease is classified as a financing lease.

(7) In August 2020, the Company entered into a long-term sublease with an unconsolidated joint venture as part of the capitalization of the 15 Beekman development project. See Note 6, "Investments in Unconsolidated Joint Ventures."

The following is a schedule of future minimum lease payments as evaluated in accordance with ASC 842 for our financing leases and operating leases with initial terms in excess of one year as of December 31, 2021 (in thousands):

	Financing leases	Operating leases ⁽¹⁾
2022	\$ 3,523	\$ 36,776
2023	3,570	48,680
2024	3,641	54,545
2025	3,810	54,772
2026	3,858	54,911
Thereafter	256,691	1,395,533
Total minimum lease payments	\$ 275,093	\$ 1,645,217
Amount representing interest	(149,563)	—
Amount discounted using incremental borrowing rate	—	(786,280)
Total lease liabilities excluding liabilities related to assets held for sale	\$ 125,530	\$ 858,937
Leases reclassified to liabilities related to assets held for sale	(22,616)	(7,567)
Total lease liabilities	\$ 102,914	\$ 851,370

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

The following table provides lease cost information for the Company's operating leases for the twelve months ended December 31, 2021 and 2020 (in thousands):

	Twelve Months Ended December 31,	
	2021	2020
Operating Lease Costs		
Operating lease costs before capitalized operating lease costs	\$ 30,270	\$ 32,169
Operating lease costs capitalized	(3,716)	(3,126)
Operating lease costs, net ⁽¹⁾	\$ 26,554	\$ 29,043

(1) This amount is included in Operating lease rent in our consolidated statements of operations.

The following table provides lease cost information for the Company's financing leases for the twelve months ended December 31, 2021 and 2020 (in thousands):

	Twelve Months Ended December 31,	
	2021	2020
Financing Lease Costs		
Interest on financing leases before capitalized interest	\$ 5,448	\$ 8,091
Interest on financing leases capitalized	—	(2,378)
Interest on financing leases, net ⁽¹⁾	5,448	5,713
Amortization of right-of-use assets ⁽²⁾	660	1,200
Financing lease costs, net	\$ 6,108	\$ 6,913

(1) These amounts are included in Interest expense, net of interest income in our consolidated statements of operations.

(2) These amounts are included in Depreciation and amortization in our consolidated statements of operations.

As of December 31, 2021, the weighted-average discount rate used to calculate the lease liabilities was 4.45%. As of December 31, 2021, the weighted-average remaining lease term was 32 years, inclusive of purchase options expected to be exercised.

SL Green Realty Corp. and SL Green Operating Partnership, L.P.
Notes to Consolidated Financial Statements (cont.)
December 31, 2021

21. 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 contributions.

The primary sources of revenue are generated from tenant rents, 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 years ended December 31, 2021, 2020, and 2019, and selected asset information as of December 31, 2021 and 2020, regarding our operating segments are as follows (in thousands):

	<u>Real Estate Segment</u>	<u>Debt and Preferred Equity Segment</u>	<u>Total Company</u>
Total revenues			
Years ended:			
December 31, 2021	\$ 763,651	\$ 80,340	\$ 843,991
December 31, 2020	932,581	120,163	1,052,744
December 31, 2019	1,043,405	195,590	1,238,995
Net Income			
Years ended:			
December 31, 2021	\$ 412,393	\$ 68,239	\$ 480,632
December 31, 2020	354,353	60,405	414,758
December 31, 2019	158,972	132,515	291,487
Total assets			
As of:			
December 31, 2021	\$ 9,974,140	\$ 1,092,489	\$ 11,066,629
December 31, 2020	10,579,899	1,127,668	11,707,567

Interest costs for the debt and preferred equity segment include actual costs incurred for borrowings on the 2017 MRA and the FHLB Facility. Interest is imputed on the investments that do not collateralize the 2017 MRA and the FHLB Facility using our weighted average 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 because the use of personnel and resources is dependent on transaction volume between the two segments and varies between periods. In addition, we base performance on the individual segments prior to allocating marketing, general and administrative expenses. For the years ended, December 31, 2021, 2020, and 2019 marketing, general and administrative expenses totaled \$94.9 million, \$91.8 million, and \$100.9 million respectively. All other expenses, except interest, relate entirely to the real estate assets.

There were no transactions between the above two segments.

Schedule III - Real Estate and Accumulated Depreciation
December 31, 2021
(in thousands)

Column A Description (2)	Column B Encumbrances		Column C Initial Cost		Column D Cost Capitalized Subsequent To Acquisition (1)		Column E Gross Amount at Which Carried at Close of Period			Column F	Column G	Column H	Column I
	Land	Building & Improvements	Land	Building & Improvements	Land	Building & Improvements (3)	Land	Building & Improvements (3)	Total	Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which Depreciation is Computed
420 Lexington Ave	\$ 288,660	\$ —	\$ 333,499	\$ —	\$ 212,293	\$ —	\$ 545,792	\$ 545,792	\$ 183,070	1927	3/1998	Various	
711 Third Avenue	—	19,844	115,769	—	69,839	19,844	185,608	205,452	71,105	1955	5/1998	Various	
555 W. 57th Street	—	18,846	140,946	—	2,376	18,846	143,322	162,168	86,730	1971	1/1999	Various	
461 Fifth Avenue	—	—	88,276	28,873	6,421	28,873	94,697	123,570	38,024	1988	10/2003	Various	
750 Third Avenue	—	51,093	251,523	—	20,428	51,093	271,951	323,044	114,853	1958	7/2004	Various	
625 Madison Avenue	—	—	291,319	—	62,282	—	353,601	353,601	145,749	1956	10/2004	Various	
485 Lexington Avenue	450,000	78,282	452,631	—	(14,169)	78,282	438,462	516,744	188,678	1956	12/2004	Various	
609 Fifth Avenue (4)	52,882	16,869	107,185	—	62,554	16,869	169,739	186,608	19,879	1925	6/2006	Various	
810 Seventh Avenue	—	114,077	550,819	—	5,205	114,077	556,024	670,101	221,222	1970	1/2007	Various	
1185 Avenue of the Americas	—	—	791,106	—	127,030	—	918,136	918,136	348,065	1969	1/2007	Various	
1350 Avenue of the Americas	—	90,941	431,517	—	—	90,941	431,517	522,458	168,295	1966	1/2007	Various	
1-6 Landmark Square (5)	100,000	27,852	161,343	(6,939)	(33,873)	20,913	127,470	148,383	36,923	1973-1984	1/2007	Various	
7 Landmark Square (5)	—	1,721	8,417	(1,338)	(6,240)	383	2,177	2,560	516	2007	1/2007	Various	
100 Church Street	200,212	34,994	183,932	—	6,326	34,994	190,258	225,252	65,736	1959	1/2010	Various	
125 Park Avenue	—	120,900	270,598	—	15,899	120,900	286,497	407,397	109,858	1923	10/2010	Various	
19 East 65th Street	—	8,603	2,074	—	—	8,603	2,074	10,677	—	1929	01/2012	Various	
304 Park Avenue	—	54,489	90,643	—	5,139	54,489	95,782	150,271	26,627	1930	6/2012	Various	
760 Madison Avenue (6)	—	284,286	8,314	(2,450)	63,077	281,836	71,391	353,227	4,991	1996/2012	7/2014	Various	
719 Seventh Avenue (7)	50,000	41,180	46,232	—	(4,725)	41,180	41,507	82,687	3,356	1927	7/2014	Various	
110 Greene Street	—	45,120	228,393	—	2,578	45,120	230,971	276,091	42,909	1910	7/2015	Various	
7 Dey / 185 Broadway (8)	198,169	45,540	27,865	—	177,184	45,540	205,049	250,589	419	1921	8/2015	Various	
885 Third Avenue	—	138,444	244,040	—	15,396	138,445	259,438	397,883	7,885	1986	07/2020	Various	
690 Madison	60,000	13,820	51,732	—	—	13,820	51,732	65,552	409	1879	09/2021	Various	
1591-1597 Broadway (9)	—	123,919	—	—	—	123,919	—	123,919	—	1987	09/2021	Various	
Other (10)	—	1,734	16,224	—	610,787	1,734	627,011	628,745	10,900				
Total	\$ 1,399,923	\$ 1,332,556	\$ 4,894,397	\$ 18,146	\$ 1,405,807	\$ 1,350,701	\$ 6,300,206	\$ 7,650,907	\$ 1,896,199				

- (1) Includes depreciable real estate reserves and impairments recorded subsequent to acquisition.
- (2) All properties located in New York, New York unless otherwise noted.
- (3) Includes right of use lease assets.
- (4) In 2020, we sold the retail condominium at this property. The amounts presented here relate to the office condominium, which we retained.
- (5) Property located in Connecticut.
- (6) Includes amounts attributable to the property at 762 Madison Avenue, which is part of this development project.
- (7) We own a 75.0% interest in this property.
- (8) Properties at 5-7 Dey Street, 183 Broadway, and 185 Broadway were demolished in preparation of the development site for the 7 Dey / 185 Broadway project.
- (9) A third party has asserted ownership rights to the fee, which the Company is contesting.
- (10) Other includes tenant improvements of eEmerge, capitalized interest and corporate improvements.

Schedule III - Real Estate and Accumulated Depreciation
December 31, 2021
(in thousands)

The changes in real estate for the years ended December 31, 2021, 2020 and 2019 are as follows (in thousands):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 7,355,079	\$ 8,784,567	\$ 8,513,935
Property acquisitions	124,103	178,635	—
Improvements	296,876	481,327	251,674
Retirements/disposals/deconsolidation	(125,151)	(2,089,450)	18,958
Balance at end of year	<u>\$ 7,650,907</u>	<u>\$ 7,355,079</u>	<u>\$ 8,784,567</u>

The aggregate cost of land, buildings and improvements, before depreciation, for Federal income tax purposes as of December 31, 2021 was \$8.8 billion (unaudited).

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, and furniture and fixtures, for the years ended December 31, 2021, 2020 and 2019 are as follows (in thousands):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 1,956,077	\$ 2,060,560	\$ 2,099,137
Depreciation for year	174,219	270,843	222,867
Retirements/disposals/deconsolidation	(234,097)	(375,326)	(261,444)
Balance at end of year	<u>\$ 1,896,199</u>	<u>\$ 1,956,077</u>	<u>\$ 2,060,560</u>

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of SL Green Realty Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SL Green Realty Corp. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 18, 2022 expressed an unqualified opinion thereon.

Adoption of ASU No. 2016-13

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for the measurement of credit losses on financial instruments in 2020 due to the adoption of ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and the related amendments.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Joint Venture Consolidation Assessment

Description of the Matter The Company accounted for certain investments in real estate joint ventures under the equity method of accounting and consolidated certain other investments in real estate joint ventures. At December 31, 2021, the Company's investments in unconsolidated joint ventures was \$3.0 billion and noncontrolling interests in consolidated other partnerships was \$13.4 million. As discussed in Note 2 to the consolidated financial statements, for each joint venture, the Company evaluated the rights provided to each party in the venture to assess the consolidation of the venture.

How We Addressed the Matter in Our Audit Auditing management's joint venture consolidation analyses was complex and highly judgmental due to the subjectivity in assessing which activities most significantly impact a joint venture's economic performance based on the purpose and design of the entity over the duration of its expected life and assessing which party has rights to direct those activities. We tested the Company's controls over the assessment of joint venture consolidation. For example, we tested controls over management's review of the consolidation analyses for newly formed ventures as well as controls over management's identification of reconsideration events which could trigger modified consolidation conclusions for existing ventures.

To test the Company's consolidation assessment for real estate joint ventures, our procedures included, among others, reviewing new and amended joint venture agreements and discussing with management the nature of the rights conveyed to the Company through the joint venture agreements as well as the business purpose of the joint venture transactions. We reviewed management's assessment of the activities that would most significantly impact the joint venture's economic performance and evaluated whether the joint venture agreements provided participating or protective rights to the Company. We also evaluated transactions with the joint ventures for events which would require a reconsideration of previous consolidation conclusions.

Ernst & Young LLP

We have served as the Company's auditor since 1997.

New York, New York

February 18, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of SL Green Realty Corp.

Opinion on Internal Control Over Financial Reporting

We have audited SL Green Realty Corp.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, SL Green Realty Corp. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2021 consolidated financial statements of the Company and our report dated February 18, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst & Young LLP

New York, New York

February 18, 2022

Report of Independent Registered Public Accounting Firm

To the Partners of SL Green Operating Partnership, L.P.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SL Green Operating Partnership, L.P. (the Operating Partnership) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, capital and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Operating Partnership at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Operating Partnership's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 18, 2022 expressed an unqualified opinion thereon.

Adoption of ASU No. 2016-13

As discussed in Note 2 to the consolidated financial statements, the Operating Partnership changed its method of accounting for the measurement of credit losses on financial instruments in 2020 due to the adoption of ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and the related amendments.

Basis for Opinion

These financial statements are the responsibility of the Operating Partnership's management. Our responsibility is to express an opinion on the Operating Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Operating Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Joint Venture Consolidation Assessment

*Description of
the Matter*

The Operating Partnership accounted for certain investments in real estate joint ventures under the equity method of accounting and consolidated certain other investments in real estate joint ventures. At December 31, 2021, the Operating Partnership's investments in unconsolidated joint ventures was \$3.0 billion and noncontrolling interests in consolidated other partnerships was \$13.4 million. As discussed in Note 2 to the consolidated financial statements, for each joint venture, the Operating Partnership evaluated the rights provided to each party in the venture to assess the consolidation of the venture.

*How We
Addressed the
Matter in Our
Audit*

Auditing management's joint venture consolidation analyses was complex and highly judgmental due to the subjectivity in assessing which activities most significantly impact a joint venture's economic performance based on the purpose and design of the entity over the duration of its expected life and assessing which party has rights to direct those activities. We tested the Operating Partnership's controls over the assessment of joint venture consolidation. For example, we tested controls over management's review of the consolidation analyses for newly formed ventures as well as controls over management's identification of reconsideration events which could trigger modified consolidation conclusions for existing ventures.

To test the Operating Partnership's consolidation assessment for real estate joint ventures, our procedures included, among others, reviewing new and amended joint venture agreements and discussing with management the nature of the rights conveyed to the Operating Partnership through the joint venture agreements as well as the business purpose of the joint venture transactions. We reviewed management's assessment of the activities that would most significantly impact the joint venture's economic performance and evaluated whether the joint venture agreements provided participating or protective rights to the Operating Partnership. We also evaluated transactions with the joint ventures for events which would require a reconsideration of previous consolidation conclusions.

Ernst + Young LLP

We have served as the Operating Partnership's auditor since 2010.

New York, New York

February 18, 2022

Report of Independent Registered Public Accounting Firm

To the Partners of SL Green Operating Partnership, L.P.

Opinion on Internal Control Over Financial Reporting

We have audited SL Green Operating Partnership, L.P.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, SL Green Operating Partnership, L.P. (the Operating Partnership) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2021 consolidated financial statements of the Operating Partnership and our report dated February 18, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Operating Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Operating Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Operating Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst + Young LLP

New York, New York

February 18, 2022

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.

Management's Report on Internal Control over Financial Reporting

The Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021 based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (COSO). Based on that evaluation, the Company concluded that its internal control over financial reporting was effective as of December 31, 2021.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2021 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the Company's internal control over financial reporting during the year ended December 31, 2021 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 Operating Partnership maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Operating Partnership's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Operating Partnership's management, including the Chief Executive Officer and Chief Financial Officer of the Operating Partnership's general partner, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) of the Exchange Act. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Operating Partnership to disclose material information otherwise required to be set forth in the Operating Partnership's periodic reports. Also, the Operating Partnership has investments in certain unconsolidated entities. As the Operating Partnership does not control these entities, the Operating Partnership's disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those it maintains with respect to its consolidated subsidiaries.

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

Management's Report on Internal Control over Financial Reporting

The Operating Partnership is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15 (f) and 15d-15 (f). Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer of the Operating Partnership's general partner, the Operating Partnership conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2021 based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (COSO). Based on that evaluation, the Operating Partnership concluded that its internal control over financial reporting was effective as of December 31, 2021.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

The effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2021 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the Operating Partnership's internal control over financial reporting during the year ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

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

SL GREEN REALTY CORP.

Our common stock trades on the New York Stock Exchange, or the NYSE, under the symbol "SLG." On February 17, 2022, the reported closing sale price per share of common stock on the NYSE was \$82.18 and there were 494 holders of record of our common stock.

On December 2, 2021 our Board of Directors declared an ordinary dividend of \$0.3108 per share (\$0.3203 per share reflecting reverse stock split noted below) and a special dividend of \$2.4392 per share (\$2.5138 per share reflecting reverse stock split noted below) (together, "the Total Dividend"). The Total Dividend was paid on January 18, 2022 to shareholders of record at the close of business on December 15, 2021 ("the Record Date"). Shareholders had the opportunity to elect to receive the Total Dividend in the form of all cash or all stock, subject to proration if either option was oversubscribed.

To mitigate the dilutive impact of the common stock issued in the special dividend, the Board of Directors also authorized a reverse stock split, which was effective after markets closed on January 21, 2022. On January 10, 2022, a committee of the Board of Directors calculated the ratio for the reverse stock split of our issued and outstanding shares of common stock as 1.03060-for-1. After the issuance of the dividend and the completion of the reverse stock split, the number of shares of our common stock outstanding was equivalent to the number of total shares outstanding on the Record Date (not including any issuances or repurchases that occurred following the Record Date, as well as any fractional shares that would have been issued but for which cash-in-lieu was paid). However, on a relative basis, some individual shareholders may have more shares of SLG's common stock, and some individual shareholders may have fewer shares of our common stock, depending on their individual elections to receive cash or stock and as a result of the cash option being oversubscribed.

All share-related references and measurements including the number of shares outstanding, share prices, number of shares repurchased, earnings per share, dividends per share, and share-based compensation awards, have been retroactively adjusted to reflect the reverse stock split for all periods presented in this Annual Report on Form 10-K.

SL GREEN OPERATING PARTNERSHIP, L.P.

As of December 31, 2021, there were 3,781,565 units of limited partnership interest of the Operating Partnership outstanding and held by persons other than the Company, which received distributions per unit of the same amount and in the same manner as dividends per share were distributed to common stockholders.

There is no established public trading market for the common units of the Operating Partnership. On February 17, 2022, there were 56 holders of record and 68,918,314 common units outstanding, 64,770,730 of which were held by SL Green.

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

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

ISSUER PURCHASES OF EQUITY SECURITIES

In August 2016, our Board of Directors approved a share repurchase program under which we could buy up to \$1.0 billion of shares of our common stock. The Board of Directors has since authorized five separate \$500.0 million increases to the size of the share repurchase program in the fourth quarter of 2017, second quarter of 2018, fourth quarter of 2018, fourth quarter of 2019, and fourth quarter of 2020 bringing the total program size to \$3.5 billion.

As of December 31, 2021, share repurchases, excluding the redemption of OP Units, executed under the program were as follows:

Period	Shares repurchased	Average price paid per share	Cumulative number of shares repurchased as part of the repurchase plan or programs
Year ended 2017	7,865,206	\$107.81	7,865,206
Year ended 2018	9,187,480	\$102.06	17,052,686
Year ended 2019	4,333,260	\$88.69	21,385,946
Year ended 2020	8,285,460	\$64.30	29,671,406
Year ended 2021	4,474,649	\$75.44	34,146,055

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

During the year ended December 31, 2021, we did not issue any shares of our common stock to holders of units of limited partnership interest in the Operating Partnership upon the redemption of such units pursuant to the partnership agreement of the Operating Partnership. During the years ended December 31, 2020 and 2019, we issued 95,094 and 4,726 shares of our common stock, respectively, to holders of units of limited partnership interest in the Operating Partnership upon the redemption of such units pursuant to the partnership agreement of the Operating Partnership. The issuance of such shares was exempt from registration under the Securities Act, pursuant to the exemption contemplated by Section 4(a)(2) thereof for transactions not involving a public offering. The units were exchanged for an equal number of shares of our common stock.

The following table summarizes information, as of December 31, 2021, relating to our equity compensation plans pursuant to which shares of our common stock or other equity securities may be granted from time to time.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders ⁽¹⁾	3,944,302 ⁽²⁾	\$ 100.56 ⁽³⁾	2,215,410 ⁽⁴⁾
Equity compensation plans not approved by security holders	—	—	—
Total	3,944,302	\$ 100.56	2,215,410

- (1) Includes our Fourth Amended and Restated 2005 Stock Option and Incentive Plan, Amended 1997 Stock Option and Incentive Plan, as amended, and 2008 Employee Stock Purchase Plan.
- (2) Includes (i) 394,089 shares of common stock issuable upon the exercise of outstanding options (394,089 of which are vested and exercisable), (ii) 165,201 phantom stock units that may be settled in shares of common stock (165,201 of which are vested), (iii) 2,434,492 LTIP units that, upon the satisfaction of certain conditions, are convertible into common units, which may be presented to us for redemption and acquired by us for shares of our common stock (1,509,546 of which are vested).
- (3) Because there is no exercise price associated with restricted stock units, phantom stock units or LTIP units, these awards are not included in the weighted-average exercise price calculation.
- (4) Balance is after reserving for shares underlying outstanding restricted stock units, phantom stock units granted pursuant to our Non-Employee Directors' Deferral Program and LTIP Units. The number of securities remaining available consists of shares remaining available for issuance under our 2008 Employee Stock Purchase Plan and Third Amended and Restated 2005 Stock Option and Incentive Plan.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Funds From Operations (FFO) and Funds Available for Distribution (FAD) Reconciliations

Below are reconciliations of net income attributable to our stockholders to FFO per share, Pro forma FFO per share, and FAD attributable to our stockholders and unit holders for the years ended December 31, 2021, and 2020 (amounts in thousands, except per share data).

	Twelve Months Ended December 31,	
	2021	2020
<u>Funds From Operations (FFO) Reconciliation:</u>		
Net income attributable to SL Green common stockholders	\$ 434,804	\$ 356,105
<u>Add:</u>		
Depreciation and amortization	216,869	313,668
Joint venture depreciation and noncontrolling interest adjustments	249,087	205,869
Net income attributable to noncontrolling interests	23,573	34,956
<u>Less:</u>		
Gain (loss) on sale of real estate, net	287,417	215,506
Equity in net gain on sale of interest in unconsolidated joint venture/real estate	(32,757)	2,961
Purchase price and other fair value adjustments	209,443	187,522
Depreciable real estate reserves	(23,794)	(60,454)
Depreciation on non-rental real estate assets	2,790	2,338
FFO attributable to SL Green common stockholders and unit holders	\$ 481,234	\$ 562,725
Diluted weighted average shares and units outstanding ⁽¹⁾	70,769	75,078
Pro forma adjustment ⁽²⁾	1,794	4,039
Pro forma diluted weighted average shares and units outstanding ⁽²⁾	72,563	79,117
FFO per share (Diluted) ⁽¹⁾	\$ 6.80	\$ 7.50
FFO per share (Pro forma) ⁽²⁾	\$ 6.63	\$ 7.11

- (1) During the first quarter of 2022, the Company completed a reverse stock split to mitigate the dilutive impact of stock issued for a special dividend paid primarily in stock. Diluted weighted average common shares and units outstanding have been retroactively adjusted to reflect the reverse stock split.
- (2) During the first quarter of 2022, the Company completed a reverse stock split and a special dividend paid primarily in stock. GAAP requires the weighted average common shares outstanding to be retroactively adjusted for all periods presented to reflect the reverse stock split. However, GAAP requires shares issued pursuant to the special dividend be included in diluted weighted average common shares outstanding only from the date on which the special dividend was declared. To facilitate comparison between the periods presented, the Company calculated Pro forma diluted weighted average shares and units outstanding, which includes the shares issued pursuant to the special dividend from the beginning of the 2021 reporting periods.

	Twelve Months Ended December 31,	
	2021	2020
<u>Funds Available for Distribution (FAD) Reconciliation:</u>		
FFO attributable to SL Green common stockholders and unit holders	\$ 481,234	\$ 562,725
<u>Add:</u>		
Non real estate depreciation and amortization	2,790	2,338
Amortization of deferred financing costs	11,424	11,794
Non-cash deferred compensation	54,175	43,199
<u>Less:</u>		
FAD adjustment for joint ventures	94,506	54,528
Straight-line rental income and other non-cash adjustments	12,159	23,195
Second cycle tenant improvements	28,350	53,730
Second cycle leasing commissions	7,872	10,230
Revenue enhancing recurring CAPEX	2,503	610
Non-revenue enhancing recurring CAPEX	23,523	22,596
FAD attributable to SL Green stockholders and unit holders	\$ 380,710	\$ 455,167

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:





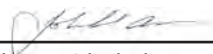


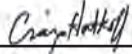
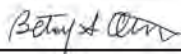



Matthew J. DiLiberto
Chief Financial Officer

Dated: February 18, 2022

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of SL Green Realty Corp. hereby severally constitute Marc Holliday and Matthew J. DiLiberto, and each of them singly, our true and lawful attorneys and with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Annual Report on Form 10-K filed herewith and any and all amendments to said Annual Report on Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable SL Green Realty Corp. to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Annual Report on Form 10-K and any and all amendments thereto.

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:

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
 _____ Marc Holliday	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	February 18, 2022
 _____ Andrew W. Mathias	President and Director	February 18, 2022
 _____ Matthew J. DiLiberto	Chief Financial Officer (Principal Financial and Accounting Officer)	February 18, 2022
 _____ Stephen L. Green	Director	February 18, 2022
 _____ John H. Alschuler, Jr.	Director	February 18, 2022
 _____ Edwin T. Burton, III	Director	February 18, 2022
 _____ John S. Levy	Director	February 18, 2022
 _____ Craig M. Hatkoff	Director	February 18, 2022
 _____ Betsy S. Atkins	Director	February 18, 2022
 _____ Lauren B. Dillard	Director	February 18, 2022

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.

By: SL Green Realty Corp.

By:

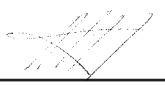
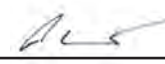


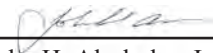
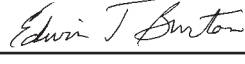

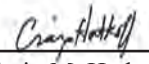
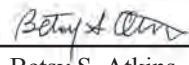
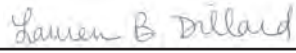


Matthew J. DiLiberto
Chief Financial Officer

Dated: February 18, 2022

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of SL Green Realty Corp., the sole general partner of SL Green Operating Partnership, L.P., hereby severally constitute Marc Holliday and Matthew J. DiLiberto, and each of them singly, our true and lawful attorneys and with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Annual Report on Form 10-K filed herewith and any and all amendments to said Annual Report on Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable SL Green Operating Partnership, L.P. to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Annual Report on Form 10-K and any and all amendments thereto.

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:

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
 <hr/> Marc Holliday	Chairman of the Board of Directors and Chief Executive Officer of SL Green, the sole general partner of the Operating Partnership (Principal Executive Officer)	February 18, 2022
 <hr/> Andrew W. Mathias	President and Director of SL Green, the sole general partner of the Operating Partnership	February 18, 2022
 <hr/> Matthew J. DiLiberto	Chief Financial Officer of SL Green, the sole general partner of the Operating Partnership (Principal Financial and Accounting Officer)	February 18, 2022
 <hr/> Stephen L. Green	Director of SL Green, the sole general partner of the Operating Partnership	February 18, 2022
 <hr/> John H. Alschuler, Jr.	Director of SL Green, the sole general partner of the Operating Partnership	February 18, 2022
 <hr/> Edwin T. Burton, III	Director of SL Green, the sole general partner of the Operating Partnership	February 18, 2022
 <hr/> John S. Levy	Director of SL Green, the sole general partner of the Operating Partnership	February 18, 2022
 <hr/> Craig M. Hatkoff	Director of SL Green, the sole general partner of the Operating Partnership	February 18, 2022
 <hr/> Betsy S. Atkins	Director of SL Green, the sole general partner of the Operating Partnership	February 18, 2022
 <hr/> Lauren B. Dillard	Director of SL Green, the sole general partner of the Operating Partnership	February 18, 2022

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (i) Registration Statement (Form S-3 Nos. 333-70111, 333-30394, 333-62434, 333-126058, 333-253652 and 333-261729) of SL Green Realty Corp. and the related Prospectuses;
- (ii) Registration Statement (Form S-8 Nos. 333-61555, 333-87485, 333-89964, 333-127014, 333-143721, 333-189362 and 333-212108) pertaining to the Stock Option and Incentive Plans of SL Green Realty Corp., and
- (iii) Registration Statement (Form S-8 No. 333-148973) pertaining to the 2008 Employee Stock Purchase Plan of SL Green Realty Corp.,

of our reports dated February 18, 2022, with respect to the consolidated financial statements of SL Green Realty Corp. and the effectiveness of internal control over financial reporting of SL Green Realty Corp., included in this Annual Report (Form 10-K) of SL Green Realty Corp for the year ended December 31, 2021.

Ernst & Young LLP

New York, New York

February 18, 2022

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-261729) of SL Green Operating Partnership, L.P. and in the related Prospectus of our reports dated February 18, 2022, with respect to the consolidated financial statements of SL Green Operating Partnership, L.P., and the effectiveness of internal control over financial reporting of SL Green Operating Partnership, L.P., included in this Annual Report (Form 10-K) for the year ended December 31, 2021.

Ernst & Young LLP

New York, New York

February 18, 2022

CERTIFICATION**I, Marc Holliday, certify that:**

1. I have reviewed this annual report on Form 10-K of SL Green Realty Corp. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 18, 2022




Name: Marc Holliday

Title: Chairman and Chief Executive Officer

CERTIFICATION**I, Matthew J. DiLiberto, certify that:**

1. I have reviewed this annual report on Form 10-K of SL Green Realty Corp. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 18, 2022


 Name: Matthew J. DiLiberto
 Title: Chief Financial Officer

CERTIFICATION**I, Marc Holliday, certify that:**

1. I have reviewed this annual report on Form 10-K of SL Green Operating Partnership, L.P. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 18, 2022




Name: Marc Holliday
 Title: Chairman and Chief Executive Officer
 of SL Green Realty Corp., the
 general partner of the registrant

CERTIFICATION**I, Matthew J. DiLiberto, certify that:**

1. I have reviewed this annual report on Form 10-K of SL Green Operating Partnership, L.P. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 18, 2022



 Name: Matthew J. DiLiberto
 Title: Chief Financial Officer
 of SL Green Realty Corp., the
 general partner of the registrant

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of SL Green Realty Corp. (the “Company”) on Form 10-K as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Marc Holliday, Chairman and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.



Name: Marc Holliday
Title: Chairman and Chief Executive Officer

February 18, 2022

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of SL Green Realty Corp. (the “Company”) on Form 10-K as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Matthew J. DiLiberto, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.



Name: Matthew J. DiLiberto
Title: Chief Financial Officer

February 18, 2022

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of SL Green Operating Partnership, L.P. (the “Operating Partnership”) on Form 10-K as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Marc Holliday, Chairman and Chief Executive Officer of SL Green Realty Corp, the sole general partner of the Operating Partnership, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.



Name: Marc Holliday
Title: Chairman and Chief Executive Officer
of SL Green Realty Corp., the
general partner of the Operating Partnership

February 18, 2022

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of SL Green Operating Partnership, L.P. (the "Operating Partnership") on Form 10-K as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew J. DiLiberto, Chief Financial Officer of SL Green Realty Corp, the sole general partner of the Operating Partnership, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.



Name: Matthew J. DiLiberto
Title: Chief Financial Officer
of SL Green Realty Corp., the
general partner of the Operating Partnership

February 18, 2022

New York City Trends

Broadway & The Arts

"Last week, we had 92% of all seats filled for the 19 shows that we're running," said St. Martin. "We have served over 4 million theatergoers since we opened last fall. We anticipate that continuing to be a little up, a little down, but we anticipate over 85% of the seats filled before this season ends on May 22."

<https://www.amny.com/entertainment/covid-19-two-years-later-new-york-city-tourism/>

"Thirty-five theaters full with an occupancy of over 80% of the seats? We're back," said Broadway League President Charlotte St. Martin "

<https://www.audacy.com/1010wins/news/local/two-years-after-nycs-first-lockdown-tourism-makes-comeback>

Restaurants

To celebrate New York's bustling dining industry, the 30th Anniversary of NYC Restaurant Week will start in July 2022.

<https://business.nycgo.com/press-and-media/press-releases/articles/post/nyc-company-presents-22-reasons-to-visit-new-york-city-in-2022/>

Jobs

So this means that NYC has regained 79% of office-using jobs lost during the pandemic.

(Source: OMB)

Tourism

During the 2021 holiday season, New York City was the no. 1 destination for U.S. tourists.

<https://www.nbcnewyork.com/entertainment/travel/nyc-ranks-no-1-tourist-hotspot-this-holiday-season-for-1st-time-since-pandemic/3427750/>

56.4 million tourists expected in 2022.

<https://www.nytimes.com/2022/02/18/nyregion/omicron-tourism-nyc.html>

Hotels

2021–2022 YTD:

- 29 New hotels opened
- 54 New hotels in active pipeline

(Source: NYC & Company 2021 Annual Report)

With the opening of new hotels like Aman on Fifth Avenue and the Ritz Carlton in NoMad, it is expected that 9,000 new hotel rooms will be coming online in 2022.

<https://business.nycgo.com/press-and-media/press-releases/articles/post/nyc-company-presents-22-reasons-to-visit-new-york-city-in-2022/>

Eric Adams Quotes

"New York City's recovery cannot and will not be about going back to the way things were — we are going to rebuild, renew, and reinvent our city and our economy for today, tomorrow, and generations to come," said Mayor Adams.

<https://www1.nyc.gov/office-of-the-mayor/news/119-22/mayor-adams-rebuild-renew-reinvent-blueprint-nyc-s-economic-recovery#/0>

"We are back to being this exciting place we call New York," [Adams] told *The Post* Saturday.

<https://nypost.com/2022/03/05/eric-adams-marches-in-queens-county-st-patricks-day-parade/>

Eric Adams' photo credit: Andrew Seng for The New York Times.

Fun Events

Full speed ahead! The New York City Marathon returned for its 50th anniversary: 30k runners in 2021.

<https://gothamist.com/arts-entertainment/photos-nyc-marathon-2021-return>

Sports & Entertainment

The World's Most Famous Arena is hosting countless headliners in 2022 — from Elton John to Andrea Bocelli and Billie Eilish, to name a few! Live music is back to packed audiences! Additionally, MSG welcomes back sporting events including full schedules for hometown teams the NY Rangers and NY Knicks.

<https://www.instagram.com/thegarden/>

Housing

2021 saw young people flock back to the city. Young neighborhoods like Murray Hill saw a 122% increase in demand for move-in related tasks, while the East Village saw a soaring 192% increase, according to TaskRabbit.

<https://nypost.com/2021/08/28/young-people-flocking-back-to-big-apple/>

Holiday Parades

Spectators returned to the streets of Manhattan for the 95th annual Macy's Thanksgiving Day.

<https://www.reuters.com/world/us/in-person-spectators-return-new-yorks-thanksgiving-parade-2021-11-25/>

Tech

New York is now home to 103 unicorns with cumulative valuation of \$234.5 billion.

(Source: CB Insights)

Tech continues to increase on space requirements post-Covid.

Facebook (META)

Farley lease
3.3M Total SF

Amazon

Lord & Taylor purchase
1.8M Total SF

Apple

11 Penn Plaza lease
400k Total SF

Google

St. John's Terminal purchase
4.9M Total SF

Microsoft

122 Fifth lease
400k Total SF

(Source: Forbes)

Transportation

\$1.2t bipartisan infrastructure plan boosts several New York City projects:

- \$13.5b — Roads And Highways / Bridge Repairs
- \$58b — Rail improvements, including Northeast Corridor
- \$465m — NYC Airports
- \$9.8b — For Clean Buses & Mass Transit

<https://nypost.com/2021/11/06/new-york-to-reap-more-than-100b-in-infrastructure-cash/>

Corporate Directory

BOARD OF DIRECTORS >

Marc Holliday

Chairman & Chief Executive Officer

Andrew W. Mathias

President

Stephen L. Green

Chairman Emeritus

John H. Alschuler

Lead Independent Director;
Chair of the Board,
Executive Chair of Therme
North America

Edwin T. Burton, III

Professor of Economics,
University of Virginia

John S. Levy

Private Investor

Craig M. Hatkoff

Co-founder, Tribeca Film Festival;
Chairman, Turtle Pond Publications, LLC

Betsy Atkins

CEO & Founder, Baja Corporation

Lauren B. Dillard

Chief Financial Officer and Senior
Managing Director of Vista Equity
Partners

Carol N. Brown

Professor of Real Estate Law,
University of Richmond School of Law

EXECUTIVE OFFICERS >

Marc Holliday

Chairman & Chief Executive Officer

Andrew W. Mathias

President

Matthew J. DiLiberto

Chief Financial Officer

Andrew S. Levine

Chief Legal Officer,
General Counsel

COUNSEL >

Skadden, Arps, Slate,
Meagher & Flom LLP
New York, NY

AUDITORS >

Ernst & Young LLP
New York, NY

REGISTRAR & TRANSFER AGENT >

Computershare Investor Services
P.O. Box 505000
Louisville, KY 40233-5000
866-230-9138
www.computershare.com/investor

STOCK LISTING >

NYSE Symbol:
SLG, SLG PrI

INVESTOR RELATIONS >

One Vanderbilt Avenue
New York, NY 10017
investor.relations@slgreen.com

www.slgreen.com

ANNUAL MEETING >

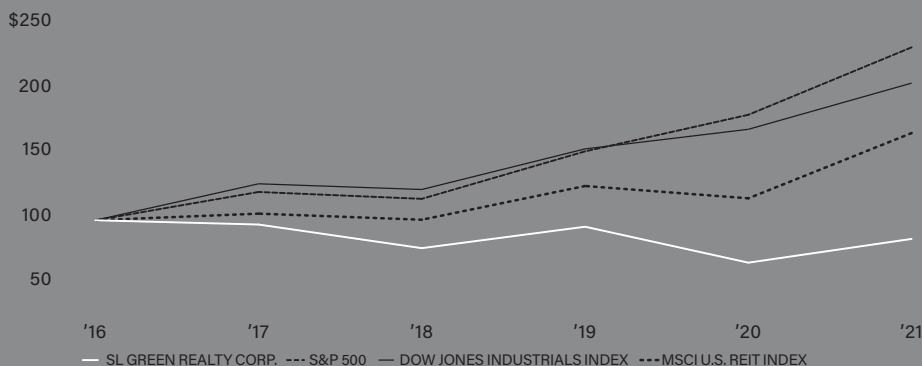
Wednesday, June 1, 2022
10:00 a.m. ET at
One Vanderbilt Avenue
New York, NY

EXECUTIVE OFFICES >

One Vanderbilt Avenue
New York, NY 10017
212-594-2700
www.slgreen.com

5-YEAR TOTAL RETURN TO SHAREHOLDERS >

(Includes reinvestment of dividends)
(Based on \$100 investment)



SL GREEN REALTY CORP.

One Vanderbilt Avenue
New York, NY 10017

212.594.2700

www.slgreen.com