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Corporate Speakers:

- Marc Holliday; SL Green Realty Corp.; Chairman & CEO
- Andrew Mathias; SL Green Realty Corp.; President & Director
- Harrison Sitomer; SL Green Realty Corp.; Senior Vice President of SL Green's Investment Group
- Steven Durels; SL Green Realty Corp.; Executive VP & Director of Leasing & Real Property
- Robert Schiffer; SL Green Realty Corp.; MD of the Investments Group
- Brett Herschenfeld; SL Green Realty Corp.; MD
- Ed Piccinich; SL Green Realty Corp.; COO
- Meghann Gill; SL Green Realty Corp.; Senior Vice President, Operations;
- Laura Vulaj; SL Green Realty Corp.; SVP, Director of Sustainability and Hospitality
- Alvis Yuen; SL Green Realty Corp.; VP, Assistant Director of Sustainability
- Matt DiLiberto; SL Green Realty Corp.; CFO
- Andrew Levine; SL Green Realty Corp.; Chief Legal Officer, Executive VP, General Counsel & Secretary
- Harry Olsen; SL Green Realty Corp.; SVP & Director of Sustainability
- Unidentified Company Representative; ;

Participants:

- Unidentified Participant; ;
- Jamie Feldman; BofA Securities; Director and Senior US Office & Industrial REIT Analyst

PRESENTATION

Operator: Welcome to SL Green's 2021 Investor Conference. Please welcome the Chairman and CEO, Marc Holliday.

Marc Holliday: Okay. Wow. What a turn out. We took an over/under. We had about 110 registered. The over/under, I'm ashamed to say, was between 60 and 80, and we're at 110. So kudos to everybody here. It is great to see everybody here in person. Thank you for joining us today for SL Green's 2021 Investor Conference.

It's a warm spring-like day in New York, and we are thrilled to be hosting all of you in our wonderful new award-winning One Vanderbilt. Over the course of the next 2.5 hours, you're going to hear from a number of us representing just part of the extraordinary leadership team. And we'll speak about the exciting things we're doing at the company as we continue to set the tone and the example in New York City.

If you leave with 1 message today, it should be this, "New York City is back." Anyone who lives and works in this city feels that there is an unmistakable energy that is growing since Labor Day and the activity in the market is a complete change from what we experienced over the prior 18 months.

With almost 90% of the adults in New York City vaccinated, it's finally beginning to feel like itself again. The streets are alive, the trains are full and you can't get a reservation at the best restaurants in New York City. New York is an event town again. Broadway is back hosting more than 200,000 people per week. The U.S. Open returned in September, and it was a massive party this year.

The Garden, Barclays Center, UBS, Islanders Arena, brand new, are all rocking and people are flocking to the concerts, sporting events, shows and museums. Just about everything that makes New York great has returned. 25,000 people ran in the New York Marathon this fall; the Thanksgiving Day Parade was absolutely mobbed; and the Rockefeller Center Christmas Tree is again a global tourist destination.

The tours are back from bumping down the East Coast and around the world, New York is buzzing again, and it's getting better every day. Throughout the pandemic, our belief in this city never wavered, the city we love, but now there can be no question, New York is back.

And the good news is that it's not just happening in the street. It's also happening in the boardroom, the incubators and then the trading floors. Those segments of the business community are as busy as I can recall ever seeing. I don't know if you guys are seeing that in your businesses, but I'm telling you that many of the people we speak are just having great years, they're having record years. Banks and tech, accountants and lawyers, media, and advertising, consultants, advisers, healthcare, life sciences, all state, New York, full throttle, busy and, in many cases, having the best years they've ever had.

The financial sector is, again, leading the way in New York City. They're leading the charge with record profits and pent-up demand for M&A activity. You can see here, $170 billion of global profits over the past 12 months, JPM, Goldman Sachs, Morgan Stanley account for a big chunk of that, partially driven by release reserves. People thought they were going to be big pandemic reserves. And in fact, many of those losses did not materialize and have been reversed accounting for part of the surge.

Wall Street profits, we follow that every quarter, I speak to the Wall Street profits, $31 billion through the first 6 months of the year, $49 billion projected through year-end, that would make it the third highest recorded Wall Street profit year ever, 2009, 2020, not 2021. Those are supposed to be increasing.

We had 10% to 30% down on The Street. Those are monstrous increases. It's about time, monstrous increases. And that -- we're not seeing wage inflation just on Wall Street profits, we are seeing wage inflation at every level in all businesses. Something

businesses have to grapple with, but I'm a big fan of inflation. When it's inflation, supported by strong underlying growth that I think that's what you're seeing here.

Global M&A activity is also way up, up 139% over $2 trillion of M&A activity in the United States and the year's not over yet. For the past several years, we've highlighted the importance and the continued importance of the tech demand in New York, and it's been critical to New York City's resilience through this pandemic.

VCs continue to float into the city to complement the growth of traditional tech and software firms. We have 80 unicorns with cumulative valuations of $168 billion, those are firms with more than $1 billion of private market cap valuation. New York City is tied to third place on Forbes' list of 100 global tech investors' preferred HQ locations, right behind Silicon Valley and Menlo Park.

And we see it in tech doubling down on space needs post-COVID. Here's just a sampling of 15 significant technology-related deals that were done, either purchases or leases and in the pipeline, you're going to see a much more. Here, we have selected tenants in the market. We're thrilled to see that the industries that are translating into the -- into this demand, primarily financial services, legal, tech and business services are all represented here and there's just $8 million of current demand, which is a sampling of what's out there coming from all these different sectors and industry.

Obviously, we hope to get more than our fair share of that $8.3 million of demand. We're working hard on it. And all of that activity that you're seeing and what I'm describing to you is not just my opinion. It's translating into strong rebounding private sector growth. It's in the right direction as New York City is coming back to life. You see the substantial hit we took in April of 2020. I think we lost like 900,000 private sector jobs. But more than half of that has been added back since. And that's only through October '21. And the year-end forecast calls for another [32,000] jobs in the private sector expected for November and December, which will -- well on its way to total recovery to get back up to that $4.1 million mark.

Looking more specifically at office using job growth. It is also beginning to ramp. It had a slow start. But now if you look, the gain from September to October was over 20,000 jobs, and there's another, I believe, 20,000 projected in November and December, putting us back at around 1.426 million jobs, on the way back to 1.5 total, so we still have 75,000 jobs more to go to get back to the prepandemic levels, but you could see, from September to October to year-end projected, that ramp is becoming much sharper, which coincides with the whole vibe we're feeling after Labor Day of people getting back to work, getting back to business and people translating those profits into new hires.

So tourism is also coming back strong. New York's appeal to domestic and global tourists, I think, is as strong as ever right now. People want to get back here, show their support for New York and get back to a city they've largely been avoided coming for the past 1.5 years. And this projected massive growth next year as well as significant growth

this year. You see, through '20, we were down -- we lost more than almost 2/3 of our growth of our tourism.

And now, in '21, we're projected around 36 million domestic and international visitors, rising 20 million in 2022 through the efforts of the city and the state and local businesses to get people back in New York with the projection by '24, we're going to eclipse our prior high watermark. So we'll track this as it goes forward, but these visitors translates to dollars, translates to multiple -- exponential multiple spending within the city as tourists come back.

The hotel occupancies are up. Hotel prepandemic peaked at around 80% occupancy, severely dipped. They closed, for the most part, down to 10%. Today, we stand at around 67% occupancy, and that's only through September. I'm fairly confident through October, November, December, you're going to see that number at 70 or above. I don't know if anybody here is staying in hotels, but I can tell you, one I'm staying at this weekend to be close to office is 100% booked. Not a room to be had.

Unemployment is gradually declining. All of the factors that are contributing to the global decline in the unemployment rate to nearly half of what it was at the pandemic top, it was 20%. It started out at sub-5, 4.5%, I believe. Rose to 20%, now it's around 10%, that's through September also. I think when you see October, November, December, you can see sub-10% unemployment rate. It's lagging a little bit behind the U.S. economy as a whole, but what's important is, for me, is the trend, not the speed. And you can see since January, every month, we've been chipping away at that unemployment, and there's no reason to believe that we won't be back between 5% and 10% next year.

So '21 was a big year for New York. Whether you feel it or not, we feel it. We're right in the middle of it, many of you are as well, and we're hoping for a very, very bright future. The fiscal outlook in New York City looks relatively strong for what usually is the case coming into a new budget year. Why? Tax revenues, up significantly. There's a substantial reduction in interest cost. There have been outsized returns on the city's pension fund investments. I mean like 26% north that they used to offset the expensive future pension obligations and obviously, stimulus was a big factor here.

So what we're looking at going into what's known as fiscal year '23, which begins mid-'22, our budget deficits that need to be closed right now starting at around $2.9 billion for the upcoming year, $2.7 billion projected for '24, $2.1 billion for '25, sounds like a lot, but it's an over $100 billion budget. So between now and when that budget is finally reconciled by incoming mayor, Eric Adams, he'll have to find about 2% between now and Jan, Feb to close and balance that budget, which is a legal requirement. And everybody at the city feels it's going to be readily in hand to do.

The new administration, okay? We have some new sheriffs in town. Kathy Hochul -- Governor Hochul has taken office and recall that Mayor-elect Eric Adams was a guest speaker here at last year's investor conference. That's not so bad, because we had 12 people in the Democratic primary at that point. And we put some early support behind

Mayor-elect Adams because we felt he would be the right person for the job at the time. And over the course of the next 6 months, other New Yorkers came to feel the same way.

And he shares a number of beliefs with, I would say, the populous of New Yorkers as well as many of us within this company about being -- wanting to work with business. He's pro labor, as are we. An intense focus on public safety, achieving carbon neutrality, 80% reduction by 2050. You're going to hear a lot about that from Laura Vulaj and Alvis in -- coming up shortly. Affordable housing, still a critical item in New York and creating working-class jobs.

Governor Hochul and Lieutenant Governor Brian Benjamin have also shown great leadership in a short time frame, seamlessly taking over the state earlier this year. Governor Hochul is focused on very much the same things. And I think she has been out front making as big an impact as possible since she stepped into office in effort to become elected in the June primary. And we've been working closely with both the current outgoing administrations, the incoming administrations and we'll continue to give our support.

One other key position maybe doesn't get as much focus, but I'd put it as a key position. City Council speaker will be elected by the City Council members in the beginning of '22, January, February, most likely January. And who that person is, is critical because there's shared power between the council and the mayor, just like there's shared power between the legislature and the governor up in Albany. And that's one -- there's probably 7 or 8 different council members with their hat in the ring for this, and we'll see how that unfolds.

Stimulus, I mentioned earlier, falls into really 3 buckets. We call it a trifecta of support from the Federal Government that began with the American Rescue Plan, where Senator Schumer was able to kind of reel in for New York State, New York City, over $100 billion of support. And now that support is going to be enhanced with Build Back Better Act and the infrastructure bill that's going to provide a massive new funding for particularly 5 New York City projects, Gateway Tunnel, Amtrak's Northeast Corridor and tracks and station, which needs to be rebuilt, East River Tunnel repair, which also includes Eastside access and a furthering of the Second Avenue Subway extension.

The numbers are staggering. I think that's over $50 billion that's going to be headed New York City's way to -- just for those 5 projects. There's going to be much more is Governor Hochul taking the first train on Long Island railroad Eastside access coming from Jamaica right into Grand Central, have talked about it before. People kind of skeptical, I think, still don't believe it really exists. But in December of '22, Long Island will be commuting straight to Grand Central. It's 100,000 more people a year -- commuters coming into Grand Central as well as that extension of the Second Avenue Subway.

The airports are in the middle of being rebuilt. If you've been to LaGuardia recently, you see that happening. JFK massive new projects to bring these airports into a 21st century

state of leadership as it should be, replacing the old, tired airports that existed. And the Amtrak improvements in the Gateway Tunnels needs massive improvement given the ridership increases that are projected over the next decade. Roads, bridges, tunnels, are all going to be a part of this. And all of that means construction work, consultants, engineering firms, all of whom are primarily located right here in New York City are going to be busy working on this for the next decade.

There was also Governor Hochul's recovery package to bring back tourism. $450 million she just announced, payments to support workers, advertising campaigns, support for convention centers and hotels and domestic and global marketing. So we need this because this is the one glare in the area of our economy that's still lagging, although quickly that's dissipating and this almost $0.5 billion will certainly help. We're trying to do our part as well as part of this recovery. It's not just -- it's happening, but we want to support it as much as possible.

And it began with Le Pavillon, where we opened Le Pav in May of 2021, May of this year, and it was an enormous success. Everybody said, don't open it, people aren't back in Grand Central yet. Well, there hasn't been a seat or a table available for lunch or dinner since its opening, and it really sort of marks a lot of different things. Casual fine dining in New York City is not dead. Grand Central eatery can thrive if it's done properly. And the partnership with Daniel Boulud is just incredible because he's a master chef, and has put together a great team.

That continued into The Summit. In October, we upped the ante, celebrating the launch of Summit One Vanderbilt, an immersive experience unlike anything in the world and something you will get to experience yourselves. This was another major milestone signaling to global tourists that this city is open again and people have responded. We are sold out almost every hour of the day, for the days that are available. The headlines from the major news outlets are incredible. The say the experience is truly surreal. It's a stunning perspective of New York City skyline. It shatters all expectations, takes the crown. It makes you fall in love with New York all over again, and it's unlike any experience in New York City.

Those are pretty powerful statements coming from powerful media outlets that have embraced it. I didn't oversell this to you guys last year. For those that were here, I know you all thought, (expletive), here he goes again, he's overselling it. I didn't oversell it, I undersold it. Both attendance and revenues far exceeding expectations at this moment.

And here, you see a couple that got married and ran right over to Summit on opening day because that's how they want to spend their first minutes together after marriage, and we took them right up and it was a big deal. So a little more on that ribbon cutting.

(presentation)

Marc Holliday: All right. So I hope many of you will enjoy your experience at Summit later today. But we also continue to give back to the community and especially the first

responders who helped us through the pandemic through Food1st, our charity that we began with Daniel Boulud a little over a year ago. It has grown to be an important provider of meals not only to first responders, but the food-needy.

Here is -- we gave out 500 meals plus at -- that was our mission on Thanksgiving. There was another 1,000 meals we gave out in the South Bronx. I think the following day, that was the Wednesday before Thanksgiving, with Borough President, Ruben Diaz Jr., and that's me with Fat Joe in the corner. Those who know Fat Joe, who was a local Bronx hero I might add. And it was hard to get any attention really to Food1st with Fat Joe around. But it was -- people were extremely appreciative and we're -- it's very supportive.

And we had our gala because we got to raise money, just closed a lot of money. People want to remember Food1st in their year-end giving plans. Please feel free. We raised $800,000 at Le Pavillon, which was over double what we raised last year, just to give you a sense of how this is really ramping. We've raised now almost $6 million for this charity. In the upper right corner, that is the same surgeon, spinal surgeon who turned into a YouTube phenomenon during pandemic because he happens to have an amazing voice, and we're really proud of that.

But we found time to fit in another big effort to support the FDNY Foundation. We raised $4.5 million for the foundation, which goes to support the fire department, the firemen of New York City. Matt DiLiberto, and I were honored. It was really Matt. Matt is a volunteer EMS and serves on the Board of the foundation and it was a thrilling day to be able to welcome 1,500 supporters in the city to support.

So over throughout that, we've been able to keep this portfolio moving in the right direction, making it leaner and stronger than it was years ago. I want to show you what that means. First of all, in the vacancy rate. We've always prided ourselves of being well above the market in terms of occupancy, 96% -- 95%, 96%, sometimes 97%, usually 2, 3 or 4 points ahead of the market. Well, now we've bottomed at 93%, that is more than 10 points ahead of the market. I mean that is really outperformance and we're projecting occupancy increase for 2024 -- I'm sorry, 2022, we're projecting occupancy increase.

So we've turned the corner. We see a path towards regaining to a 94%, and we have 10 points of outperformance. I think really that's why you invest in SL Green for that outperformance. And part of the reason we feel that confident is because of this pipeline. We've got over 1.7 million square feet of leases signed already, mostly new leases, mostly new, and most of that, not One Vanderbilt. And we are projecting, at this moment, a pipeline of over 1 million square feet going into the first quarter of the year, which is typically our slowest. So we've cleared out a lot of leasing. Usually, we're depleted and that pipeline might be 600,000, 700,000, 800,000 feet, it's over 1 million feet today and growing.

So a little bit of a retrospective on how we've shifted our strategy. 2018, it seems like yesterday was 2018. 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, we're going to get lean, get focused and simplify. Well, let's see how we did.

This was our non-New York City office portfolio, comprised predominantly of retail, residential and suburban. A lot of properties, a lot of focus, a lot of square footage, 6 million square feet. We disposed of everything on the right there, 4.4 million of that 6 million feet is -- has been disposed of. We've only got 1 property left in residential, 1 property left in suburban and a high-quality, high street retail portfolio, and you're going to hear from Brett Herschenfeld about that shortly.

We also made selective acquisitions over that period of time, but only amounting to 200,000 square feet. So these were more strategic than volumetric. And that demonstrates the new non-New York City office portfolio today of 1.7 million feet, down from 6 million and change.

Now let's look at the Manhattan office portfolio. All right. We had here 26 million square feet throughout these various submarkets, obviously, mostly represented in Grand Central. And we're pretty busy over those past years, disposing of noncore, totaling 1.4 million feet, making a few strategic -- really just one strategic acquisition, the Lipstick Building, 800,000 feet. And hence, we have the new portfolio, which size-wise is almost identical, but it's 4 or 5 properties less, meaning that One Vanderbilt and One Madison are representing a very big part of this portfolio, square footage-wise, value-wise, along with other of these great properties like Eleven Madison, 280 Park, et cetera, so we're imposing our resources, time and money on fewer, bigger core buildings to give the before and after picture.

We used to be 110 properties, now we're 60 -- 62, right? We used to have 5 business lines, now we've got really 1 or 1.5 with retail. And the square footage that we were overseeing dropped from 50 million feet to 34 million feet, so that is a big transformation. So the portfolio you see here today is the best portfolio SL Green has ever had going into a new year.

Leasing achievement, OVA and (inaudible) this is kind of the last year, we're going to talk a lot about OVA because we're pretty well leased, 93% leased with today's announcements of 2 additional leases. We've got 5 more leases pending that we expect to sign between now and January, which will bring us to almost 98%. The only vacant space in the building, you can see a little bit of white at the top right-hand side of the penthouse, the right-hand side of the midsection of the building and down there on the lower left, that's it. That's what we plan to have. So this building will hopefully achieve 100% lease and on to the next because we do plan to do more buildings like One Vanderbilt, One Madison and try and replicate that success.

Looking ahead, in conclusion, these are the things that are going to define where we spend a lot of our time and focus in 2022. We're going to be adapting to workplace patterns that are changing. We're ahead of the curve here. You're going to hear a little bit about from Steve Durels. We're adjusting our portfolio to represent new patterns of work.

We know leading companies will be using as much or more office space. But the way they use it is going to be different and the space needs are going to have to be flexible and designed in a way that make people want to come to the office. We are not anticipating smaller footprints. We are anticipating much different ways of programming.

New development. And I said it before, we're going to continue to transition the portfolio towards new development, building on the success of One Vanderbilt, soon to be One Madison, the flight to quality that you've seen this year is just beginning as tenants are looking for the newest and best office space, which is represented in our portfolio.

Ultimately, as the pandemic evolves, we're on our portfolio and business to be able to capitalize and withstand in all market conditions, including the worst of times that we just came through. That means continuing to divest of noncore assets, Andrew is going to talk about that shortly. And furthering our share buyback program because every time we're buying a share now, we're buying a share in the best portfolio SL Green has ever had.

Asset management. Another strategic shift for us is going to be finding more opportunities to play an asset management role with focus on assets under management. You're not going to really see us investing 50% to 100% of a property's equity going forward because that has not advantaged us in the past. We're finding that being more nimble at 25% -- 15%, 25%, 30% ownership with control management and fees is probably the way to optimize for our shareholders in this company.

We're going to contribute to affordable housing inventory. You're going to hear from Meghann Gill Gil on [7 Day], who's going to talk about our success in that project and the desire for us to do more. We're going to continue to diversify and leverage our platform for successes outside of the core office competency like Summit, like growing in the hospitality area throughout New York City to service our office buildings and other.

And you might see us vying for the downstate New York casino licenses that will be coming out either in '22 or '23. There are 3 of them. They're circled specifically for New York City. And -- well, I'm sorry, for [specifically] for downstate, predominantly, which comprises Westchester, New York City and Long Island, and we will put our hat in the ring there and make a big effort to see if we can succeed in landing one of them.

And we're going to lead the way on ESG. This year, we aligned the firm's ESG reporting with the global reporting initiative standard and across our entire 23 million square foot core portfolio, you're going to hear a lot more, as I mentioned earlier, from Laura and Alvis on this. So that is -- they'll kick off of with what I hope is going to be a great morning. We've got a great speaker lineup. We're very excited about the opportunities in front of us. And I thank you for your time.

Coming up is going to be Andrew Mathias to talk about the investment market, the investment outlook. But first, I think you're going to hear from the CEO of Wells Fargo. No, I'm sorry, the CEO of Deutsche Bank, Christiana, who is kind enough to lend some

time to talking about Deutsche's plan for reentering into the market. You're going to hear it from 3 or 4 different business leaders throughout the day in our portfolio and outside of our portfolio.

(presentation)

Operator: Please welcome President, Andrew Mathias.

Andrew Mathias: Good morning, everyone. Well, while not quite as attractive as Metaverse land these days, we can go to a place called Sandbox and purchase a token representing the Orange Square next to the clown that you see here on the screen for a mere $20,000, that's a true story. There's actually still a thriving market for good old-fashioned bricks and mortar as well.

Let's depart the Metaverse and jump into the usual indicators to get a pulse of where the New York City market stands and where it's heading. The fourth quarter is shaping up to be very active in terms of volume. Core office offers a very compelling return for investors on both a levered and an unlevered basis, and Class A is leading the charge as we see tenants flock to the quality that Marc spoke about and investors following them, willing to pay significant premiums for improved buildings with cash flow and rent rolls.

New York continues to be a haven for international capital, as always, and the tech industry continues to spread its roots deeply into the office scene here. There's abundant cash on the sidelines and even inflationary environment with what we certainly hope is the worst of the pandemic behind us, there's renewed urgency to deploy capital.

You can see the surge in volume we're anticipating in the first -- fourth quarter depicted here on the gray line with third quarter activity of $9 billion, jumping to $16.4 billion by year-end, easily surpassing 2020's lows and back to approaching 2019's blistering pace.

Manhattan office cap rates are still offering a very compelling going-in return to leverage buyers, as very efficient 10-year financing is readily available. Credit spreads cooperate continue to remain near record lows and buyer optimism returns. Today, those buyers can get a spread of about 343 basis points from going-in cap rates to 10-year treasury rates with a relatively low credit spread on top of the treasury rate.

We thought we'd try to dig deeper as to why this bigger spread exists. There's been an enormous diversion of capital from the office sector. You can see cap rates here on the screen to industrial and multifamily properties. Industrial cap rates. We're historically higher than office cap rates, which you can see the trend that's completely reversed itself in the last couple of years. They're currently 111 basis points on average lower than office cap rates. And multifamily, which has historically been viewed as a less volatile asset class so has trended with cap rates below office cap rates, you can see that the spread at 133 basis points is at a historic wide for this chart. So a lot of money coming out of office, going into industrial and multifamily.

We looked a little bit deeper at international capital allocation to the United States. And you can see the same trend exists here, where for the first time, industrial, at 33% of international capital allocation, actually exceeds office at 31% for the first time. Retail and hospitality continue to suffer given pandemic headwinds in those sectors. And multifamily, which really is the asset class of choice for domestic buyers because of the GSE financing element of it, still clocks in at 25% share for international buyers.

Core and core plus also continue to attract an increasing share of investment dollars in Manhattan. This would seem to be the result of a couple of trends. There's not been the distress and opportunistic buyers we've seen in prior cycles, likely as a result of historic low interest rates. And for those borrowers looking to capitalize on the cap rate to treasury spreads we just reviewed, they have to buy assets with cash flow in place, which tend to be more core in core plus deals, a lot of the deals SL Green is selling, hence our success with our disposition program.

As investors evaluate what to do with all that liquidity, one thing we're hearing in a lot of the meetings we're having with investors from all around the world is their focus on inflation. With the Fed's evolving stance, it's an issue that is on everyone's mind and the good news is that real estate, both private and public, continue to be one of the most effective inflation hedges out there, as you can see here on the chart. Commercial real estate as an asset class demonstrates some of the most correlated returns to the CPI versus the more traditional equity and government bonds asset classes.

So let's take a look at some representative transactions in the Manhattan market. We'll start with domestic buyers this year. We divided it between domestic and international. A lot of activity out there. You see SL Green's own activity for the year, including our deal we announced this morning at 110 East 42nd Street on the right side of the screen, and then the left is third-party deals, starting with Hudson Commons, previously known as the more pedestrian 441 Ninth Avenue, the building was redeveloped, put a new tower on top, signed Peloton and a bunch of other technology-oriented tenants. That building was sold with 25% vacancy still in place. So you can see the going-in price per foot and then the expected stabilized and the going-in cap rate, representing that 25% vacancy. And the as-stabilized cap rate. This was a great comp for the new construction or hybrid new construction market.

Google also exercised its purchase option on St. John's Terminal, which was widely expected when they signed a lease for the building with a purchase option embedded in it. Price is per square foot, you see continue to trend up across the markets. You'll see that in the domestic trades and in the international trades. Inflation keeps pushing up replacement costs, as you can see in the cost of new construction around the city. People are completely comfortable paying $1,000 for the [mere] replacement costs, particularly for newer products. And you can see even in some of our older products on our own trades, we pushed $1,000, $1,200 a foot in renovated buildings.

Switching to the international market. When you look at the buyers, you can see Korean capital really filling a void left by their Asian brethren. If I put this slide up 5 years ago,

Chinese capital would have been a huge portion of this slide. They pretty much disappeared from the market with the issues that the developers are having there, yet to be seen if they'll -- there's a return in the future or not. But luckily, New York is deep, New York is resilient and that market share has been absorbed by Korean, Israel and the Middle East capital is very active.

German capital popped back in this year, I'll show you a big trade that was funded by German capital. Canadian capital this year sort of surprised me at 2%. They've been a big part of our market in prior years. I think you're going to see this capital return in size to the market in the coming years. These organizations, CPP, Oxford and others have an enormous amount of developments underway in the Manhattan market. Their capital is sort of going into finishing those developments. As those developments stabilize, I think you're going to see them return to the new acquisition market.

So looking at the international trades in the market, you see a lot of activity highlighted by our announcement this morning of our sale of an additional 25% interest in One Madison. 100 Pearl Street downtown was the German transaction I was referring to. This was a huge deal for Downtown. A real bad weather. There have not been a lot of trading activity in the financial district, but Commonwealth -- I'm sorry, Commerz stepping up and buying this property at $900 a foot, that's a huge comp for Downtown.

You can see Harbor Group's trade at BlackRock and Midtown, which is a building that's going to have a lot of vacancy as CBS rolls out of a short-term leaseback, Wachtell Lipton, a law firm that was a big tenant role, so it will be interesting to watch that deal. And then our own deals at 220 East 42nd Street and Tower 46 as well are on the right.

Breaking out all of SL Green sales for the year, we ran a comparison of our actual execution, as you can see in column A versus the values in Green Street's NAV from December 2020. They are one of the few firms that publish asset-by-asset values for most of our buildings. We thought it would be interesting to take a look at how we did versus their NAVs.

Their NAV aggregates to just over $100 a share. Today, we trade obviously at $70 -- low $70s, almost a 30% discount to their NAV. And this year, we exceeded their values on these individual assets by almost $0.25 billion in the aggregate. This chart doesn't even include One Vanderbilt, which they carried in December 2020 at cost. Obviously, our financing, we basically financed out our costs there, so there's significant value above. And One Madison as well is carried in cost -- at cost, you'll see a big future value pop there. So a ton of embedded value in this portfolio. We look forward to the update to Green Street's NAV in 2021, and I can measure ourselves against that in 2022.

Looking forward, there is a ton of product on the market. As the buyer demand is out there, the debt market, which I'm going to talk about in a second, is very liquid. There's a lot of options for buyers to choose from. One of these assets actually, since we printed the slide on Friday, I went into contract over the weekend 452 Fifth Avenue traded to a domestic capital source with a fund operator kind of JV -- in the JV format.

One Manhattan West, big development project on market on the Far West side and you'll see a lot of SL Green properties that we're evaluating for disposition, eventually populate this market. We cleared out the pipeline with a lot of our announcements today and some announcements to come shortly. All of these deals are going to provide a very nice tailwind for 2022 coming into the new year as investors get new capital allocations and debt investors, CMBS buyers also get new capital allocations. I think you'll see a lot of liquidity. It looks like it will be an active first quarter.

Marc earlier made reference to adaptive reuse, which we see picking up steam in the Manhattan market and another key trend. Life sciences continues to explode in the city with renewed focus generally really by the city, designating the area on the Far West side in the Clinton area, sort of 50s, west of Ninth Avenue. Most of us know that area as Hell's Kitchen if you've been around New York for a while, but it was renamed Clinton. So that's going to be a life sciences hub for the city. Our own 707 Eleventh Avenue is located in that area.

Social spaces, following the success of (inaudible), there's definitely a renewed interest in members club, and we see members clubs here. We see a lot of clubs kicking tires, clubs from London clubs from Los Angeles that are successful in those markets. You can see Zero Bond, Casa Cipriani and they have been successful so far here in New York, so we expect to see more follow them. Conversion of obsolete office and hotel. The city has put a lot of focus on trying to figure out how to get more residential units online. They had a tax incentive program called 421-g that was highly successful, real estate industry has been sort of advocating to try to get some tax incentive back to take obsolete space in office and hotel off-line, convert it to residential, address some of the affordable housing needs of the city.

And within our own portfolio, later today, you're going to hear from Ed Piccinich, who's going to show you our transformation of a 2-level Armani store at 760 Madison into a new flagship for Armani with condos above. 707 11th Avenue were into the city for rezoning of that space. We may sell that asset, but we've been dual tracking a sale and a rezoning there. That could be a life sciences hub either for us or for an eventual buyer. And long forgotten Landmark Square, which Marc mentioned, that complex sits in an opportunity zone. We are actively evaluating demolishing one of the commercial buildings on that site and building a new residential tower and the opportunity zone there. Residential and Stanford has had a huge upsurge, the new buildings have been highly successful, I think that's a project we may be telling you about more next year.

Marc referred to the AUM model out there. We've seen a lot of platforms and sort of strategic partnerships announced this year. You can see on the left side of the slide, a lot of the -- this year's announcements, targeted at certain asset classes. We're interested and we've been watching this trend. We've currently have about $7.3 billion of equity under management. If you view us like an AUM company, that's an almost $18 billion of gross value of real estate. Look for us to continue to explore this into '22. We're talking to a lot

of interested capital sources who are interested in platform type ventures in New York City, and it's something we're actively exploring for sure.

Turning to the financing market, which is fueling a lot of the offset and transaction activity I showed you previously. You can see it was a huge year in CMBS issuance. Rebounding of 2020's lows and actually exceeding any year in the past 10 years in the CMBS market this year, so $145 billion of total issuance. We expect with rates where they stand to see this trend continue into 2022. And all these capital, a lot of the large assets you see in New York, it's really the cap rates and sort of the aggressive acquisition activities being fueled by the CMBS market.

We are the servicer of choice for a lot of institutions, and this is sort of a overlooked area, we think, of our business. We had a very active year on the special servicing side, our special services called Green Loan Services. We advised on the Hudson Bay restructuring, which is a huge multi-asset national portfolio of The Hudson Bay companies.

We're currently working on an assignment with Union Station in D.C., where we were retained by the trust to oversee the special servicing and the mortgage there on that DC asset with a special servicer of major assets, 1740 Broadway here in Manhattan. And then historically, we've done assignments really all over the country. To date, in our servicing program, almost $46 million in fees received to date, and we've done $8.7 billion of third-party assignments. This is a growing area of our business. We continue to get incoming assignments, tough situations where our expertise can be helpful. And as CMBS volume continues to pick up, we expect to continue to see our fair share of this business.

Looking at some of the big deals closed in Manhattan, a lot of exciting activity on major buildings with both floating and fixed rate, the floating rate CMBS market has sort of disappeared, and that void has been filled by balance sheet lenders that reopen this year in size. You started to see a lot of floating rate CMBS deals. We expect our own financing of 280 Park, which should close in the first quarter, it'll be a floating-rate CMBS deal actually, not a bank deal. And fixed rate, you see a lot of people putting away long-term capital. It's a compelling alternative to the sales market where instead of paying taxes, owners choose to take advantage of historically low rates, hit the CMBS market, recapitalize the properties and put away long-term fixed rate debt.

Obviously, the year for us was highlighted by our announcement in June that we closed the 10-year fixed rate financing on One Vanderbilt. This asset and this execution, kudos to the entire team that was involved in this. We shattered all sorts of records with our issuance here. You can see a lot of the details of the transaction. We were the largest single asset, single borrower, SASB, securitization in history. This was the first green bond-eligible CMBS. We accessed a whole new category and groups of buyers for CMBS, which was very helpful to the execution here or each of our bond classes is more than 2x oversubscribed.

So that's up and down the capital stack from the AAAs to the BBs, $3 billion financing, 2.85% fixed rate, so a record low rate for that size deal, and we were able to basically recap all of our equity out of the deal. So just a tremendous execution and one we hope to repeat in the future on our large single assets. So with that, I'd like to bring up a new face today, Harrison Sitomer, who is in the investments group. He's going to take you through some additional case studies of some of our transactions for the year and enjoy the presentation.

Harrison Sitomer: Thanks, Andrew. My name is Harrison Sitomer. I'm the Senior Vice President of SL Green's Investment Group. Since joining SLG in 2012, I've had the privilege of working closely with Marc, Andrew, Brett and Rob in sourcing, structuring, capitalizing and managing the company's investments and further expanding the SLG platform.

I'm excited to walk you through 3 different case studies today to give you a sense of how our investment team has been navigating the complex yet rewarding private markets through the past 2 years. Far before the pandemic, but now more than ever, our team has been leveraging SLG's global brand recognition, relationships and highly desirable assets to present private investors with opportunities that far surpass other investment options in almost all applicable categories, including yield, upside potential, low interest rate debt and tax efficiency, all while monetizing our assets at or above internal NAVs.

The first case study that I would like to walk you through on the heels of this morning's announcement details SLG's process of capitalizing our marquee project, One Madison Avenue, through the pandemic. When we embarked on the development of One Mad, we were determined to capitalize the deal with up to 75% equity and traditional bank construction financing. On the heels of our success at One Vanderbilt Avenue, NPS and Hines were highly interested in co-investing with us again. Despite the headwinds from the pandemic, NPS and Hines shared our vision for One Mad and trusted in our ability delivering best-in-class asset on Madison Square Park.

In May 2020, we closed on a 49.5% interest sale with NPS and Hines, consistent with our prepandemic expectations. Then later that fall, the team orchestrated New York City's largest construction facility in 2020 with a $1.25 billion financing. But we didn't stop there. With the construction loan in hand and the project 92% bought, we went back out to the market late this summer, seeking a 25% partner that was prepared to invest at a $2.3 billion project budget and underwriting to a residual cap in the low 4s and high single-digit unlevered gross IRRs.

We focused our efforts on international investors, given their embrace for development and importantly, our global brand recognition as the New York City developer and manager. Given the quality of the asset and the milestones achieved at the project, we received interest from multiple parties, and we are successful in under a month in identifying a partner prepared to commit a minimum of $260 million of equity. We executed a term sheet in September and closed on the transaction just last week. We

believe the capitalization execution at One Mad where we defer their pipeline with more institutional investors seeking similar strategies.

The second case study to present to you guys today is just slightly smaller in scale but require just as much finesse and demonstrated that in New York City, well-located office assets and retail assets will quickly recover in value with the turnaround team that we have at SLG. After 7 years of holding a $25 million performing mezz loan secured by the equity in 590 Fifth Avenue, several major tenants blew out and stopped paying rent. The loan entered payment default in May 2020 and the borrower decided that they would rather hand over the keys than invest the time and capital to turn around the asset, and we took title to the property that October.

However, luckily for me, Marc and Andrew only gave me the layups today, so the story does not end here. Our team quickly went to work, restructuring the capital stack and acquiring the senior mortgage. We then stabilized the property in less than a year by cleaning up tenant arrears, releasing office space and negotiating to allow AT&T to buy out of their retail lease for a cash payment of $7.6 million. We then turned around and quickly backfilled that same retail space within the matter of a few months.

Once the asset was stabilized, we received an unsolicited offer from a domestic, high net worth family in October to acquire that property in under 10 days to satisfy an expiring 1031 exchange. Our team quickly got in the room and closed on a $103 million sale, reflecting a price north of $1,000 per square foot. Similar to our mezz foreclosure and subsequent successful repositioning of 100 Church Street, in the last downturn where we have since created hundreds of millions of dollars of value, our team was able to identify value here and not just salvage our principal investment but generate an expected gross profit from inception of approximately $23 million.

But 590 Fifth wasn't our only action-packed blockbuster in the pandemic. We turned just a few blocks in the east of One Vandy to The Daily News Building, the original filming location of the 1970s hit, Superman. And just like the film, the international appeal for The Daily News Building was off the charts. But make no mistake, creating international demand is not easy, especially when our borders are closed.

First, you need your largest tenant in the building to make it harder for you by consolidating its space and reducing your occupancy from 90% down to 58%. We -- but then you need an incredible leasing team that drove occupancy back up to 90% by executing over 440,000 square feet of leases, some of which were with 501(c)(3) tenants, that partially exempt in building real estate taxes.

On the heels of this leasing, in October 2019, we entered into contract to sell the building based on a gross asset value of $815 million. We stood up here at December and proudly announced this feat to all of you, not knowing what was in store for all of us. After March 2020 happened right before the scheduled closing date are by unfortunately lost its financing and the sale collapsed.

But as I said earlier, I only have the positive news to deliver today. And so this story continues as a testament to the domestic and international capital markets attraction for well-located office assets in New York City and more importantly, SLG's ability to be a trusted partner and borrower even through the most volatile markets.

In June 2020, shortly after the sales sell-through, we closed on a $510 million financing led by domestic and international banks. These banks are relationships that we have continuously delivered for. And accordingly, for many of these banks, this transaction represented their first loan after the pandemic hit.

In September 2020, we negotiated a settlement on the collapsed sale and retained over $24 million of the contract deposit. Then in July of this year, after a 30-day process to find a 49% investor seeking single-digit gross unlevered IRRs using a mid-4% residual cap we secured our second partnership in COVID and 5th partnership overall with Meritz Alternative Asset Management out of Seoul, Korea, based on a gross asset value of $790 million and when accounting for the retained deposit evaluation of $814 million.

Securing a multi-hundred-million-dollar investment from a partner that was unable to travel to New York and was relying solely on their trust in SLG was no easy feat. It required a bunch of late-night calls due to time difference and great FaceTime skills from our team to virtually tour the asset. This transaction, which was announced this summer, allowed us the opportunity to generate substantial proceeds and continue to retain market share with a long-standing JV partner that will also allow us to see fee enhanced returns on the asset for years to come.

As I hopefully demonstrated through these 3 case studies, our team is going to keep hitting the road to achieve a best-in-class execution from private capital markets, both domestic and abroad. And as we continue to deliver for those partners, we expect to further tap into that private capital that is available for our assets.

With that, I'm going to pass off the mic to the guy who makes our job easy raising capital, our Head of Leasing, Steve Durels. But before Steve comes up, a quick word from the Chief Executive Officer of Wells Fargo, Charles Scharf.

(presentation)

Operator: Please welcome Executive Vice President, Director of Leasing and Real Property, Steven Durels.

Steven Durels: Good morning. This is an exciting time for office leasing as landlords and tenants rethink the office experience. Trends like dedensification and office amenitization, which were emerging prepandemic are now rapidly accelerating. The good news is there are a significant number of large tenants actively searching the market.

The common denominator for each of these tenants is a desire to create a new workplace which is flexible and fosters employee collaboration and connectivity, and gives people a

reason to want to come to the office. As a landlord this evolution and tenant priorities gives us an opportunity to do that, which we do best, which is -- create unique forward-thinking building environments, which better differentiate our product within the market.

Turning to designing their space with greater emphasis on the employee experience. This means things like more workspace for employee, greater mobility and collaboration mix, breakout spaces, flexible meeting spaces, food and beverage offerings and access to outdoor space whenever possible. In fact, the design of our own new space reflects these priorities. Executive offices have been moved inward, providing all employees with access to windows and bright sunshine. Flexible meeting spaces, privacy rooms and a high design cafe all add to the employee experience. Morale has enhanced, collaboration increased and productivity maximized.

As tenants program in more amenities, they're increasingly looking to the landlord to provide shared building amenities, which they could lever off. 10 years ago, amenities were a supplement the business. 5 years ago, amenities helped optimize business. And today, amenities are driving business. We've been extremely proactive within our own portfolio in meeting these changing desires.

As you've seen in our past successful redevelopments like 635 Avenue of the Americas where we activated roof setbacks, including one with a movable facade and built a roof deck with a bocce court, resulting in the first Midtown South building to achieve triple-digit rents.

Or for 10 10th Avenue, where we included an in-lobby coffee bar and viewing garden activation of roof setbacks and a roof with extensive landscaping and catering lounge, resulting in a 100% lease-up of the building to Amazon and First Republic Bank, we're similarly amenitizing the majority of our portfolio through a combination of curated amenity types based upon building size, location and tenant profile, together with a strategic lease-up of ground floor space to retailers which cater to tenant employee needs. Our focus is an emphasis on hospitality as opposed to the old school mentality of simply providing well-designed office space with a nice lobby.

The management of our amenities is overseen by a dedicated hospitality team, which we've assembled and recruited from the hotel and restaurant industries. And many of these focus on 4 categories. These include food and beverage with everything from in-lobby coffee bars, upscale grab and gos, the 4-star dining as Le Pavillon and our newest tenant restaurant, Fasano, opening soon at 280 Park Avenue.

Second category is meeting space, which includes large format town hall-style meeting spaces, flexible-sized conference rooms and full-service conference centers. The third category focuses on social spaces, which feature our new tenant lounge at 100 Park Avenue and the Grand Gallery at One Vanderbilt.

Finally, the fourth category is health and wellness, which includes both physical enhancements to the buildings in the form of touchless entry and enhanced indoor air

quality with the majority of our buildings, having either more 15 or 16 filtration, strategic leasing to fitness clubs like Equinox and Chelsea Piers and then in-building medical practices like One Medical and Reside Health to bike rooms, golf simulators and private training rooms.

Some examples of these various amenity offerings, including the Vandy Club at One Vanderbilt with a luxury 40-seat Boardroom, the Grand Gallery lounge with its spectacular tariffs, Le Pavillon restaurant and La Terrazza by B&B and coming soon a new member OneVault and even Secret Sushi.

Our new 10,000 square foot Park House Club at 100 Park Avenue includes a hotel-style lounge with fireplace, library and billiard area, flexible-sized meeting space, golf simulator and private training room. I can attest firsthand that this amenity was instrumental in us recently shaking hands with a new tenant presently negotiating a 225,000 square foot lease.

At the Graybar Building, we're about to open a new 17,000 square foot full-service conference center, utilizing a portion of our former headquarter space with a beautiful prefunction area, landscape tariffs, F&B offering and multiple meeting rooms with everything from Boardroom to training rooms.

Not only will the new conference center be a magnet for new tenants, but we expect that it will generate fee income equivalent to the space's office rental value, much like the Vandy Club at One Vanderbilt is projected to generate $2 million in fee income next year.

Amenities are an essential part of our current development such as 919th on the Third Avenue, where we're currently constructing a new lobby, building entrance, bike room and coffee bar fronting the building plaza. The lobby evokes a high design hotel style with warm natural materials and large coffee bar with soft seating fully integrated into the lobby. These enhancements were a key component in our recent success in preleasing almost 50% of the [double-voiced] space, a full year in advance of expiration, including today's announcement that Bloomberg has expanded by more than 191,000 square feet.

At 750 Third Avenue, we're finalizing construction documents covering a $32 million redevelopment plan that includes new windows and spend on reclad, which will give the building a fresh, modern appearance, a lobby refresh, lobby bar and lounge directly funding into the lobby, conference center, bike room and concierge, medicined through an exclusive partnership with Reside Health providing daily health care to our tenants.

The Lobby Bar and Lounge have a modern, youthful design ideal for tenants to grab their morning coffee and pastry, find a quiet place to recharge in the afternoon or gather with workmates for a deal at the end of the day. The new conference center will feature a 140-seat town hall auditorium and 40-seat boardroom. These can be combined with the upstairs bar for use as a prefunction space. We've already seen a material increase in

prospective tenant tours as brokers begin to learn about our repositioning plan for building.

Finally, at 885 Third Avenue, the Lipstick Building, we finalized a $63 million redevelopment plan that includes a magnificent new lobby with upscale grab and go, new elevator cabs, quarters and bathrooms, facade restoration, new town hall conference space, fitness studio and bike room.

The spectacular new lobby will be a game changer, extending the entire block front with 26-foot-high ceilings, it is monumental in scale, but warm and designed with Gioia marble floors and Rift white oak walls. Amenities include a new conference space or large prefunction area with catering support and 140-seat town hall auditorium. A new fitness studio includes a wide assortment of equipment and spinning room and tenants using the new bike room will have access to spotlight bathrooms inside the fitness area.

Our redevelopment plan is already paying dividends as we just shook hands on Friday to go to lease with a new full floor tenant. We're excited about these changes taking place in our buildings. We are encouraged by this year's leasing success and improving velocity as we see going into next year.

And with that, I will be followed by my colleague, Rob Schiffer, who will share with you details on what in honestly, but before that, a word from Beth Mazzeo, COO of Bloomberg.

(presentation)

Operator: Please welcome Managing Director, Robert Schiffer.

Robert Schiffer: Good morning. I'm Robert Schiffer, Managing Director and Project Executive for both One Vanderbilt and One Madison. Last November, on the heels of the success of One Vanderbilt, we broke ground on One Madison, our next iconic development in a submarket that continues to boast the lowest vacancy in New York City and with little new construction on the horizon, One Madison, which builds on the lessons learned from One Vanderbilt, will be the premier office building in Midtown South, redefining the word trophy, as One Vanderbilt has done in Midtown.

Let's check in on the construction status. We're currently 94% bought with subcontractor trades under contract, and that will grow to 98% by the end of January. We expect almost $75 million of total procurement savings off of our original budget, which is an additional $14 million on top of the $61 million we highlighted to you last year.

We spent 2021 demolishing floors 10 to 16 of the existing structure and demolishing the old core down to the foundation. We're currently in the hole, as they say, excavating below the old foundation, chipping away at the remaining bedrock. And I'm pleased to announce that on November 19, we officially went vertical. In '22, we'll look forward to achieving of some very key milestones.

The concrete core will rise to the top of the podium. And by the end of the year, we'll have commenced steel erection for the new tower. While we are ahead of schedule and with the riskiest construction activities behind us, we're not yet ready to accelerate our TCO date of November 1, 2023.

During COVID, we modified and advanced the design of One Madison at warp speed, fine-tuning for tenant demand. Based on specific feedback we've heard, we've made the following design changes highlighted by expansion of our already best-in-class outdoor offering with a roof deck with sweeping views that's connected directly to our tenant-only amenity space. The Commons. Modification of the auditorium space into a future-proof to restaurant and event space and creation of a purpose-built multilevel space for a high-end fitness user. Kudos to Brett Herschenfeld and SLG Retail for their execution of the Chelsea Piers.

We'll continue to refine our plans, dialing and finishes and optimizing the programming until the building is finished. That's exactly how we developed OVA, a building that is widely considered as the best new office building in the U.S., if not the world.

One Madison will serve as the exemplar for the building type most sought after by today's mobile workforce, the dynamic hub. When potential tenants want One Madison up against competing buildings to compare how each building scores relative to their priorities, we want OMA to check every box. And while we expected little activity at this point in the development, we are, in fact, in active discussions with several anchor tenants. And now we're going to take a deep dive into why the early response from tenants is off the charts.

But rather than present One Madison as a dynamic hub to you from a developer's perspective, perspective, I'm sure you'll all take it with a grain of salt. Today, I'm going to look at One Madison from a different perspective.

Good morning. I'm Robert Schiffer, Head of Real Estate for a forward-thinking Fast 50 fictional company called Technion that employs roughly 1,500 people. We don't make any money yet with, but with a market cap of $70 billion. With our Midtown lease expiring in 2024, I spent the time during the pandemic, like many of you on countless Zooms with a workforce eager to get back to the office, but with some changes to the way we utilize the office.

I first sat with our CEO and C-suite to understand their vision for the future of our workplace and the consensus was simple, full thinking offices in an iconic HQ building befitting our brand in a 24/7 urban campus, simple. Like most fintech companies, we employ artificial intelligence for our trading algorithms. We have enormous cybersecurity, audit, reporting and regulatory teams. Our company is heavily populated by Gen Z and millennial generational cohorts and recruiting and retaining talent for these roles is as challenging as ever. Finding a new HQ that set aside all stakeholders was

paramount and are -- to our real estate decision. We engaged a leading brokerage and advisory firm and collectively developed the following scorecard.

On the left-hand side, we've listed our goals from top down and bottom up. We then crafted a 150-page RFP to send to prospective developers. While our advisers suggested we limit the recipients to only a dozen or so, we decided to send it to 16 potential buildings. We thought, why not?

After receiving 8 of the RFPs, we put them right in the recycling bin. And then narrowed our choice based on our price point and our goals to 6 prospective buildings: One Madison Avenue, 660 Fifth Avenue, 2 Penn Plaza, an adaptive reuse of a former post office building called Morgan North, 2 Manhattan West and 66 Hudson Yards, also known as The Spiral.

We engaged a team of consultants and performed countless hours of due diligence, including meetings with the developers to listen to their sometimes insufferable sales pitches.

Let me show you how One Madison stacked up against our stakeholder goals. With respect to talent recruitment, we have a talent base that lives throughout the tri-state area, but with a heavy concentration in Brooklyn. We wanted a location that wasn't dependent on a single subway line, and that was within a 10-minute walk of all the major sublines in service Brooklyn. With respect to bad brand, while some companies want to own the building and have their logo lift for all of New York to see, we value privacy and security. Our brands should be visible from the street to our employees and visitors, but not obnoxious. Upon entrance, there should be a number of additional branding opportunities as well as for us to define the aesthetic of the street-to-seat experience.

So looking at talent recruitment and retention. Since every developer, we spoke to confidently claimed that their building is in the center of it all. We're the most commutable building in the city. I instructed our data analytics team to fact check their claims and to code an algorithm to measure commute times from all the neighborhoods where our employees reside. The team came back half an hour later and said we're done. I was surprised. I said, it's called Google Maps. One Madison is the only building that achieves our goals. For most of our Brooklyn-based workforce, commuting to on Madison shaves 25% to 50% off of their commute time.

One Madison gives us the ability to create a visible, private and secure branded entrance at the corner of Madison Ave and 23rd Street, immediately adjacent to Madison Square Park. Entering the building will feel like entering the EDITION Hotel next door, sleek and modern yet secure and comfortable with colors and materials that represent our brand.

Looking at productivity and inclusiveness. Our goal is for our employees to work 12- to 14-hour days. The desk is where we drive the best individual productivity, so we need the highest data and power connections there. We do not support work from home since it's

the least productive place to work, but that does not mean we don't support remote work. We're completed not at your desk, but not at home either. These third places allow our employees to be the most productive depending on the tasks that they're performing, whether it's in the office, within the indoor and outdoor spaces within the vertical campus of the building or outside of the building in a surrounding neighborhood.

Since we assume each of the buildings will satisfy our power and data connection, we focused on the diversity of third places. One Madison's moment frame construction allows us to remove floor space in areas that we choose, not the developer, to foster more interaction between user groups and to create a branded sense of place.

One Madison's garden floors with their indoor, outdoor nature, give us an amenity space detached from our offices that allow for an extension of the day, housing both gathering spaces and quiet spaces. The Commons at One Madison is an intimate space for our employees to hold professional meetings with outside parties or to have a casual meeting with a colleague or simply catch up on social media.

One Madison sits in the heart of the Flatiron District and is a building woven into the fabric of a vibrant and diverse neighborhood, and not just any neighborhood, it's probably New York City's only true 24/7 live, work, play district -- business district.

The C-suite is laser-focused on ESG and the E in ESG is my responsibility. Like most of my peers, I measure E based on a building's LEED score, how a building relates to the natural environment. While all of the buildings satisfy our minimum corporate requirement, there's one element of One Madison scorecard that stood out to me. Air quality is this building's DNA.

Our user groups prioritize a safe and clean environment over all else, a work environment that's ergonomic and pleasant to work in. And so as LEED scores a building from an ESG perspective, the WELL certification system is how the building relates to the actual humans working in the building. And let's look at One Madison's WELL scorecard.

Nothing is safer than fresh air, and One Madison has the highest WELL score possible for air quality and air filtration. The DOAS system implemented at One Madison is an energy-efficient system that pushes 100% fresh air into our office spaces, no recycled air. And it's a smart system. It uses CO2 sensors to monitor human use of space and automatically shuts off when humans aren't present. Daylight is a defining variable of employee comfort and the tower floor plates have 260-foot by 60-foot column-free workspaces with floor-to-ceiling wraparound windows, allowing close to 100% daylight penetration.

The developer opened up the podium floor plates and flooded them with sunlight. The existing 1950s-era punched windows will be replaced by these giant 9-foot by 9-foot windows and a new glass curtain wall above the Madison Avenue lobby.

Finally, on hospitality and mind, body, spirit, as we grew from a start-up, we utilized WeWork to house employees who couldn't otherwise sit in their offices. And if there's one thing we learned from that experience, is that the line between the office and the hotel has been blurred. So we're looking for a development that has created an ecosystem of third places, all serviced at a hotel concierge level.

With mind, body, spirit, we're looking for a collection of outdoor spaces that provide spaces to reflect, to congregate and to celebrate our accomplishments and a lifestyle fitness facility on or near premise that gives our employees an opportunity to blow off steam and work out without braving the elements, while also minimizing commuting inefficiencies.

This ground floor plan of One Madison summarizes the thoughtful and curated ecosystem of third places as well as a rich set of options for Mind Body Spirit. We know there is a space slated for a restaurant. And while Le Pavillon is a perfect fit for One Vanderbilt in Midtown, we're hoping we can coax the developer and Chef Daniel to rekindle his downtown DBGB concept or his more casual cafe (inaudible) Boulud for One Madison.

The through-block lobby allows for our employees to reach our space, whether they're coming from Brooklyn, Grand Central or Penn Station. And if One Vanderbilt's Vandy Club is in fact a template for the commons, I know we'll have a well-appointed space serviced by a team of hospitality veterans and developed a model of the F&B in the commons after La Terrace at One Vanderbilt, which is definitely not launching cafeteria. And given the needs and diversity of our workforce, I'm hopeful the developer will bring an elevated concept to the market that will place and support our productivity goals.

And we couldn't ask for a better lifestyle fitness brand than Chelsea Piers. You can definitely expect to see me climbing that rock on the wall. And the icing on the cake is the developers newly released outdoor Terrace at the top of the building. I know my Gen Z and millennial workforce who enjoy their own private rooftop experience to wind down and let off steam at the end of the trading day.

Although all the competitive buildings scored highly, only One Madison checks all the boxes: commutability, branding, diversity of third places, outdoor places, a healthy workplace and a world-class lifestyle fitness facility inside of vertical campus that's woven into the fabric of a true New York City neighborhood. And so on behalf of the Technion C Suite, I'm pleased to announce, and I'm sure you're all shocked that One Madison is Teknion's choice to realize our vision for the future of our company.

And now I'll turn it over to Brett Herschenfeld for a deep dive into the state of New York City retail market.

Brett Herschenfeld: Thank you, Rob, and thank you, Robbie. It's great to be back sharing retail highlights with you today. We see several indicators that brick-and-mortar retail has turned the corner and it's back. On top of that, I'm very proud of where the SLG retail

portfolio stands today, positioning us to capitalize on a return to The Street wave beginning to form. That's right. Return to the streets.

(presentation)

Brett Herschenfeld: You're seeing videos from SoHo Times Square and Herald Square from 2 weeks ago. Shoppers are back on the streets of New York. People are out enjoying the greatest city in the world. So are retailers. Leases are getting signed and once again, a rental market is forming. Sales back in a big way as residents are enjoying its amazing diversity of retailers, art, culture, lifestyle and restaurants.

Several large fashion houses recently signed leases on Madison Avenue's Gold Coast. In Times Square, tourists are back in the house with November pedestrian counts back to 70% of 2019's record level. In Herald Square, Macy's reported company sales increased 5% over 2019. We're confident that all major retail submarkets will follow these trends, which have sustained for several months.

Before we look at economic and lease data, let's quickly review the SLG retail portfolio and why we are so well positioned today. The chart shows the evolution of our retail portfolio since 2004, reflected in square footage and on the bars and revenue at share on the line. Prior to 2005, SLG owned a modest portfolio of retail at the base of a modest portfolio of office buildings. During the next decade, New York City retail asking rents rose 186%. We made inroads in every high-value corridor in Manhattan, doubling the size and square footage by 2017, but more importantly, the beauty of retail, growing revenue at share about over 7.5x. The harvesting stage began in 2015 when trends in e-comm started signaling a warning to brick-and-mortar.

You'll note that the harvesting stage overlaps the growth stage because we were still marking to market some assets from growth where we began selling assets that realized peak performance rents. We were leading the market down before the market knew it. SLG sold over $900 million in retail investments through 2016, generating IRR in excess of 33%. By 2017, e-commerce continued to descent, and more of our tenants were calling, saying rents could not be sustained. SLG took this proprietary information and accelerated retail sales, opportunistically shrinking exposure, including DPE positions secured by retail.

Over this 4-year risk mitigation period, we sold $2.2 billion of retail assets, generating significant profits, bringing the retail exposure where it stands today at 1.4 million feet and $150 million of revenue at share. And note, that $150 million is derived predominantly from retail at the base of our office buildings. It's not from high street retail, which I will show you has largely been exited.

This chart shows the historical build of cash equity invested in high street retail since 2004. Its outflows include the investments to acquire the properties and to reposition and develop them. Its inflows include refinancing proceeds as well as sale proceeds. The chart is a cumulative tracker. You can see that the aggregate equity exposure in high

street retail peaked in 2014 at $688 million. Through our deliberate market-leading sales campaign. Today, there is no equity basis remaining in high street retail. In fact, we own the remaining 8 assets, which are 95% leased and have a remaining weighted average lease term of 10 years at an aggregate profit of $422 million. We're well positioned, playing with house money, a lot of it, and excited for what the retail market has in store.

Taking a look across the country, retail sales have taken off with consumer spending supercharged by low rates and over $2.5 trillion of savings accumulated due to stimulus. More important to everyone here, those sales are occurring in that good old proven concept called the store. Brick-and-mortar store openings will exceed closings for the first time since 2017. Cyber Monday sales decreased year-over-year for the first time ever, and Black Friday store traffic was up over 60% year-over-year.

Moving to data at Home Suite Home. New York City crowds on weekdays and weekends seems to be just as they were prepandemic. Retail employment has recovered 85%. Those at West New York, because they thought it was dead, have largely returned. Welcome back. The residential market in New York City is surging to new levels with sales at the highest point in 32 years. Apartment rents have grown at the highest rate in the decade. Open table data shows people are eating out. The city is back. It's rebuilt. It has investment. It has energy, and it's New York again.

While consumers are spending, retailers are finding that increased competition in the e-commerce space is compressing margins. Let's look at some of that data. Front and back-end website software like Shopify, GoDaddy, Jedi and Square have created a seamless process for any entrepreneur with a product to be selling online with a fancy website in a matter of hours. This has created a flood of new e-com retailers and soaring competition. As a result, customer acquisition costs, the cost of buying an online advertisement on Google, Facebook or the like has increased dramatically. On the other hand, a brick-and-mortar store is a free billboard to market your brand requiring no extra advertising costs.

Apple's iOS 14 privacy update has restricted the use of cookies, coding that helps marketers track consumer movements across websites. For example, before DiLiberto buys the latest Ferragamo Italian leather jacket, the fact that he clicked on the jacket to zoom in his broadcast to other luxury companies who paid for that info, cue the targeted ads, but no must as iOS privacy update. As a result, not only have the cost of advertising online soared, but return or conversion of those advertisements to sales is down 20%. Pay more and get less.

Brick-and-mortar customers, however, are repeat customers, and they spend high dollar volumes when they come to the store. A retailer has returned on investment in the store is moving directionally opposite the investment in an online ad. The e-com market standard has always been free shipping, free returns. More e-com retailers in the universe, all of them charging customers nothing to ship and return, guess what happens? Higher shipping costs. But when a customer buys in a store, they try it on, it fits. They don't need to return the 3 other sizes they force the e-comm retailer to send. Stores are also serving

as fulfillment centers, allowing consumers to buy online and pick up in store or to deliver nearby with an efficient inventory curated to the local market.

Online shoppers are inherently bargain hunters. It's a simple click to go website to website finding the lowest prices. e-tailers have always discounted prices to compete. Given the reset in retail rents, retailers are keeping that discount for themselves, and they're ready to step into long-term rental commitments. Additionally, New York City has started listening to landlords about real estate tax misalignment with rents. Taxes have started to reset and tenants benefit as their pass-through tax escalations are reduced. Operating a store at a discounted price is a better proposition than perpetually discounting price to lower customers.

Lastly, I know you don't want to hear it, supply chain. Where is the satisfaction in clicking on a state-of-the-art computer online only to be told it'll arrive at your door at the same time 12 months from now. Go shop in a store, take the product with you that day. It's a beautiful thing. And one final bonus of shopping in the store, this thing called human interaction.

If you're listening at home right now, take those pajamas off, get out there and start enjoying the world and the people around you. Customers love the experience of shopping with friends. Online will never deliver that. Proving these concepts in reality are digitally native brands opening brick-and-mortar retail locations. Every online brand you see here has opened physical retail stores in New York City.

Another category of tenants reemerging are bank branches. Last month, we stood side-by-side with TD Bank leadership as they opened a flagship state-of-the-art branch at One Vanderbilt. Digital banking channels can only handle simple transactions. Customers still rely on physical stores for real-time personal advice and high-value service. TD also renewed its branch lease with SL Green 2.5 blocks away at 125 Park. And we are in term sheet with other banks to lease branches throughout the portfolio.

Shown here are a select group of tenant categories and a list of tenants within who have signed leases in New York City this year. I've always said that for there to be a retail rental market in the city, we need dry grids retailers signing leases at fixed rents. That category has been largely absent for several years. But 2021 brought a reverse in luxury and dry goods.

Our trusted in true F&B retailers continue to take space, driven largely by the return of residents. A new category of tenants in the market is rapid delivery. These companies use algorithms to stock product and retail spaces and deliver to local residents within 15 minutes of any order. They have leased significant amounts of retail space in 2021.

Lastly, our health care and wellness companies. Some of them digital-native that recognize the human need to have primary and urgent care in a physical setting without the hassle of having to go to a hospital. For SLG in the health care category, we partnered with One Medical, a public company with best-in-class operations and infrastructure. To

date, we've signed 2 leases together and there's a third location signing imminently. One Medical stores are bright, fresh and comprise an excellent piece of the amenity packages at our office buildings. We're proud of our partnership together and look forward to more deals in the future.

At 85 Fifth Avenue, we created probably the most innovative reuse of retail space in the city. Piano is a software company that has operated and sold its product out of showroom office space since inception. Trevor Kaufman , the CEO of Piano, is a visionary. His thesis, why pay $150 a square foot plus a loss factor for premium office space when I can operate my software showroom in street-level retail space for the same total dollar rent, and at the same time, I get free advertising from my company through a storefront on Fifth Avenue. We signed the long-term lease with Piano, and I feel that many more new and creative uses like this will emerge in street retail.

We accomplished a lot at SLG Retail in 2021, signing 17 leases comprising 125,000 feet, and there are many more deals in the pipeline as well and a strong 2022 is ahead. I hope you walk away feeling the light reemerge on street retail. Residents are back, consumers are spending, e-com margins are shrinking and retailers are once again signing leases. It's back to the streets. Retail's back.

Operator: Please welcome Chief Operating Officer, Ed Piccinich.

Ed Piccinich: Thank you, Brett. Glad to hear retail is back. Good morning. I'm Ed Piccinich, Chief Operating Officer. And this year marks my 20th anniversary at SL Green. I have the privilege to work alongside some of the most talented and skilled individuals. I oversee our construction and development. I'm also responsible for Operations, Property Management, IT, Engineering, Security and Life Safety, ESG, HR, and most recently, Hospitality. Thank you, Marc and Andrew. I haven't slept for years.

All kidding aside, I'm happy to be here. One Vanderbilt and One Madison tend to get a lot of attention because of their size, but not to be overlooked are 3 other important projects that are being concurrently developed alongside One Madison, each of which delivery dates have 2022 and 2024, and in the aggregate, account for nearly $1 billion in project costs. We have 760 Madison, a boutique condo offering on the Upper East side; 15 Beekman, a turnkey dormitory and academic building for Pace University in Lower Manhattan; and just a few blocks south is 7 Dey, our first ground-up residential development welcome its first tenants in October.

A few years back, you may recall, Dan Tishman commented that for any development to be successful, the preplanning has to be spot on to guarantee a smooth outcome. I summarized here the diligence we go through regardless of the project size. It's a road map for success that's earned us the reputation of always being ahead of schedule and under budget.

And as much as each and every project has its own challenges, from site prep to approvals to project controls, they are scrutinized through the same lens and take all our

previous experiences into consideration. The leaders of my construction and design group, Bob DeWitt and Anthony Schembri, know this process forward and backward and no one can hold a candle to these 2.

In partnership with Giorgio Armani, we are developing a 12-story retail residential property in the heart of the Upper East Side. This exclusive property at the corner of 65th in Madison offers 13 luxurious condo units for the quintessential New Yorker. This is different than the 57th Street Supertalls. We curated the design to match what Madison Avenue represents as a world-renowned upscale and highly sought-after location.

Giorgio Armani, one of the top luxury brands in the world, will anchor the base in this new flagship store. They have been an incredible partner throughout this process and their 15-year lease and recommitment to Madison Avenue with a watershed moment, which gave other retailers on the block, the confidence to re-up their leases. We're excited to be aligned with this wonderful brand and incorporate the design philosophy into the interior spaces, including the lobby, common areas, amending floor as well as outdoor spaces around the building.

From the very beginning, we studied the site's architectural history and analyze the dominant forms of the streetscape and surrounding skyline. CookFox's inspiration came from great buildings such as 740 Park, a Rosario Candela design, 45 East 66 diagonal to the north and the Carlton House to the south. Our design draws on the light, shadow, textures and the depth of these buildings to honor the neighborhood with modern interpretations of this stately expressions.

The site is an assemblage of 3 distinct buildings, 21 E 65th, 760 Madison and 762 Madison. But on to the fun part. This BIM animation will show you the complexity of 760 Madison logistics given the landmark requirements and multi-space construction activities. 760 Madison, the corner building, is demolished alongside 21 E 65th Street, with its landmark facade braced by a temporary 60-foot steel tower. If you look at the top right corner, there is a unique and delicate terrace of 762 Madison, which required us to keep its landmark facade impact while demolishing from the bottom up. Each existing floor will be replaced in sequence by new concrete slabs.

The foundation of 760 Madison is synchronized with the ongoing demo to make way for the drilling of 300 piles forming a scant wall to support excavation and ensure stability of the adjacent structures. This helps us to create a watertight base before pouring our slab, footings and (inaudible) Foundation, similar to One Vanderbilt, albeit a lot smaller. The superstructure will consist of cast-in-place concrete and the way we go. The exterior of building will be handset limestone with a unique scallop design and curved corners followed by 6 months of interior construction. The transfers live throughout the building allow for multiple setbacks and terraces that create the winning cake architecture.

Here's a glimpse of what the site looks like today. Taking you from the outside in the demo of 760, the complicated excavation at 762 and a concurrent pile installation. We've done a big year ahead, wrapping up the multiphase foundation, bringing the building out

of the ground with an anticipated topping out and our Monte turnover for the second quarter of 2023, followed by the retail TCO scheduled in the third quarter of the same year.

The partnership with PACE continues. At 15 Beekman, we are constructing a 26-story mixed-use academic building and student residents on the corner of Beekman and Nassau. The building will be home to the Seidenberg School of Computer Science and Information Systems as well as a library, food court and terrace. In the tower, there will be dorm rooms with ample access to city views and an amenity center with lounge and dining areas. The design creates a campus-like feel in an urban setting, linking the vintage buildings of Lower Manhattan with the new.

This animation is a technical view of the building that shows you how tricky yet fascinating designing a building can be. This is the level of pre-coordination that we take such pride in, from the complex underground utility infrastructure to visualizing the interior and exterior before we break ground. I wanted to give you a peek into a tremendous amount of work required before we cut the ribbon.

The low grade, we drilled 135 feet to hit bedrock. That's the deepest we've ever gone, whereas One Vanderbilt, we hit rock at 50 feet. What looks like long, slender steel columns below the building are actually the 77 (inaudible) that are part of the foundation which carries a vertical load. And as we pan out and circle the building, you can see the exterior envelope which is designed to a high degree of efficiency to meet the requirements of local law 97 and positively impact energy utilization in the building for years to come.

The excavation for the foundation is currently underway. Over the next year, we will see the building come out of the ground, topping out by September, followed by the academic space core and shell delivery to PACE. Peter Flint from our team, who leads this project, practically lives in this pit. This schedule shows that TCO is on track for the third quarter of 2023, so that Pace can welcome students just in time for the fall semester. I'm really excited about this one, but we'll only give you a sneak peak because our next speaker will dive deeper into the marketing, lease-up and management of the building.

7 Dey is situated on a prime corner in the financial district, just a chip shot away for Andrew from our previous developments at 180 Broadway and 33 Beekman. 7 Dey's design embraces the neighborhood rich legacy as a center of commerce and its evolution into a hub of cultural and culinary destinations with a densifying residential fabric.

The mixed-use tower designated by FX collab -- and designed by FX collaborative is detailed and elegant with a contemporary expression. The buildings podium consists of retail and offices, continuing the commercial streetscape along Broadway and Dey with convenient access to the Fulton Street station. The building's residential spaces are elevated into the terrace to optimize access to light and air. Of the 209 rental units, about 1/3 are designated affordable housing.

The architecture allows for setbacks in the tower, which create multiple corners and terraces with wide open views up and down Broadway, toward the East River and the World Trade Center. To see this project from soup to nuts, nothing shows better than our time lapse video. We've vacated the 50 or so tenants and demolish the 3 building sites that hugs the MTA headhouse on 2 sides. The L shape and tight perimeter becomes apparent during our foundation phase. A series of transfer being baked into the structural design allows for column-free retail space and for our residential units to cantilever over the MTA entrance.

As the facade trails a superstructure, I think it's important to note that the facade design exceeds New York City's own green criteria, which has become a model for sustainable high-rise development. A shout out to Bob DeWitt and Roger Merriman for plowing through and overcoming the lingering COVID-19 challenges on supply chain obstacles to keep the project on schedule. We're in the final stages of construction and weeks away from our second TCO for the building, which will grant to property legal occupancy for the remainder of the residential units and amending spaces with project completion set for early 2022.

And now without further ado, I'm excited to welcome our next speaker, Megan Gill, to the podium. Close to 2 decades ago, a young college graduate from Tuks came to my office to interview for to be my assistant. Needless to say, she got the job and the rest is history. She now oversees operations at New York -- one of New York City's largest portfolio of Class A real estate. She will now walk you through how we hit the bull's eye and transitioned 7 Dey from development to property management, Meghann Gill, everyone.

Meghann Gill: Thank you, Ed. I'm grateful for the opportunity to be here today to talk about my role at SL Green and at 7 Dey Street. As Ed mentioned, I was with the operations for the company, which covers a broad range of responsibilities and challenges. So you can imagine how thrilled I was when [Martin] asked me to establish an internal residential division 4 years ago, now would become my second full-time job.

We signed a residential program at the [Enovia] back in 2017, and we assumed leasing and management responsibilities for 300-plus units from Stonehedge, becoming both the owner and manager of the property. We created a robust branding campaign with a new website, stage departments, photography, floor plans, social media accounts and the digital media platform. We increased occupancy from 80% to 97% in just 5 months, maintained high occupancy levels thereafter and achieved tenant retention rates to 65%, all positive factors that contributed to a successful disposition last year.

With the residential knowledge and expertise we gained during this time, and in tandem with a best-in-class development team, we were ready to tackle something more ambitious and that was 185 Broadway, which we renamed 7 Dey, to create a unique identity and exclusive address for the residential tower while also acknowledging its lobby entrance on 7 Dey.

We followed the Olivia's road map and assembled a very talented leasing and marketing team to highlight an exceptionally designed building. The inspiration was there, and it was derived from the vision we had for the site, a boutique residential property with high-end residences, world-class amenities in the premier downtown location with SL Green white glove service. And our campaign incorporated all of these elements.

All day, every day is a modern tower starting with downtown classics, intentionally overmonetized common areas for renter's ideal enjoyment. Carefully selected high-quality contemporary period finishes in a neighborhood with top restaurants and retailers, beautiful parks and public spaces and the major transportation hubs just footsteps away. We envisioned 7 Dey as being aspirational, making us a highly developed resident to young professionals to enjoy all of the building and the area has to offer.

And to elaborate on these amenities, a Jay Wright design fitness center, a co-working space in a board room to work independently or to host meetings, multiple lounges to relax and to socialize with friends, a covered terrace to enjoy the outdoors even when it rains and rooftop terraces for barbecue while overlooking the cityscape. Compared to our competitors in the submarket who have 2 to 3x as many units, 7 Dey offers similar programming and even more outdoor space, which is a coveted commodity nowadays.

Renters also recognize and appreciate the high-end condo grade finishing of each residence. We staged 4 unique unit types for different lifestyles to showcase how every square foot of each apartment was designed with functionality in mind, including expansive closet space, a New Yorker's dream. Wall-to-wall windows welcoming light in over 5 living rooms, white oak floors open up to big city and well-designed kitchens even appeal to novice chefs. The commencement of our lease of which for (inaudible) the market was on an upswing. 2021 has had record high lease signings in over a decade.

And as of last month, net effective rents are the same as they were prior to the pandemic, suggesting that the COVID discount and the overall market is gone. As you can see here, average rents from this past May through October have increased at downtown properties by 15% of $526 per month. And in just 6 months, vacancy in the submarket is down to pre-pandemic levels to just 1.8%. 7 Dey's official launch in August was well timed and our marketing efforts also contributed to our success.

Over the past 4 months, we've generated significant traffic to 1 Dey's website with over 34,000 visitors in nearly 2,000 leads. While page 3 and display ads account for most of our traffic, our organic and direct search continues to increase. And our social media accounts are performing well, getting 82,000 pairs of eyes on our building and drumming up other engagements.

We have such a strong product, a fine-tuned marketing plan and a marketplace ripe for rental activity based on early returns. This project is well exceeding our initial goals and objectives. The team has conducted over 400 unique tours, executed 96 market rate leases and leased up 65% of our market rate inventory. Blending gross rents are up 15% from

last year's projections, yielding an additional $1.3 million in incremental gross revenue for the property.

And achieving these higher rents has not impacted our deal velocity. As you can see here, we were targeting to reach 67 units by the end of November. We actually leased 96 units. That's 29 more units than we originally budgeted. Leasing up these units at such a fast pace has created a high demand for 7 Dey in a market that is lacking inventory, which has allowed us to increase rents on specific lines and reduce concessions. And of course, we are proud of the affordable housing program we can offer and its role it plays in supporting the city's mission to create more housing opportunities for low and moderate-income families.

7 Dey lottery closed on November 18 and because of an aggressive marketing campaign where media placements in advertising yielded 150,000 website sessions and exposed 238,000 people to the project on social media. We received nearly 35,000 applications for only 63 units. These numbers are straggling and our marketing monitor has never seen so many applications for 130% AMI units, which are for middle-income renters based on local medium income. Over the next 2 months, applicant screenings and eligibility appointments will be completed while our management team tours applicants through the building to select their desired units. We anticipate our first affordable housing unit to be occupied starting in February, with the final tenant rent to the building in the fall.

While the goal was to have some of these audible tenants already in place, the process to receive workbook and marketing plan approvals from city agencies was delayed on their end by 6 months. For this reason, our market lead tenants have moved into the building before the affordable housing tenants. We would like to see agency processes more streamlined in the future so that when the time comes to develop another project like 7 Dey, we can accommodate the afford meeting of renters earlier. We welcome you all to come by the property for a tour or to check out the website or to even lease a unit at the amazing building, and we are so proud of how well has that performed. Thank you all.

(presentation)

Operator: Please welcome Senior Vice President, Director of Sustainability and Hospitality, Laura Vulaj; and Vice President, Assistant Director of Sustainability, Alvis Yuen.

Laura Vulaj: Good morning, everyone. Thank you. That's a nice way to start your presentation. I'm Laura Vulaj, I oversee our ESG and hospitality programs. Here with me is Alvis Yuen, our Assistant Director of Sustainability and our in-house ESG expert. ESG has grown exponentially over the past decade, and it's a focus of our entire organization from our Board of Directors to our executive management team, to our employees, our tenants, our vendors.

Our program is structured around 6 key areas. And to achieve these goals, we're constantly looking for innovative technologies, partnering with industry associations like

[Rene]. We're staying ahead of legislation. We're educating our tenants and our partners. And we're, of course, tracking and reporting on ESG metrics.

Our primary focus shifts from year-to-year based on sustainability trends at the global, the national, the city and the state level. But these are most sustainability and environmental hot topics today. Renewable energy is without a doubt a leading priority for governments, communities, businesses, and we're all in agreement that in order to most effectively address resiliency, we need to start at the source.

Next is emissions reduction, which has been at the forefront of sustainability discussions, particularly in New York City since the passing of Local Law 97. In an effort to debunk some misinformation about buildings being the main culprits when it comes to emissions, you really have to consider the breakdown by sector.

Looking at the entirety of New York State, when you slice up the pie, all buildings, from skyscrapers to single-family homes, only account for 25% of all emissions. New York City tracks their data a bit differently. Unlike the state, they don't break out electricity. Buildings account for over 50% of emissions, but commercial buildings only account for 27%.

Drilling down a little bit deeper, Half of commercial building emissions actually comes from electricity, which is controlled at the state level. Commercial office buildings are often dubbed as heavy polluters and they're targeted by legislation. But the reality is that we're committed to reducing our environmental footprint and optimizing our energy performance. We recognize the importance of corporate citizenship, and we've made enormous strides to make a positive impact on our surrounding community. Despite the conflicting emissions reduction goals shown here, there is a consensus that we need to achieve substantial reductions by 2050.

Moving on to carbon neutrality and net zero emissions. These trendy terms have gained more awareness since the signing of the Paris Climate Agreement in 2015. Carbon neutrality refers to achieving emissions reduction through traditional strategies like retrofitting buildings and purchasing carbon offsets. In fact, to achieve carbon neutrality, you can make no energy improvements and only purchase offsets and still be considered carbon neutral.

The concept of Net Zero originated in the Paris agreement, and it's a policy to reduce all greenhouse gas emissions, not just carbon to the lowest amount possible by adopting renewable energy sources like solar wind and hydropower. And only offset as a last resort. Net zero commitments were adopted by nearly 200 countries. But as you can see from the target years here, they vary considerably all the way up to 2070. For the U.S., we've committed to be net zero by 2050, and that goal has been adopted by the state and the city.

These climate targets were developed over the past decade. And New York City started back in 2007, coinciding with the Great Recession. Around that time plan and IC was

released outlining specific climate goals, then following the impact of Hurricane Sandy, New York City released 80 by 50, followed by the passing of the Climate Mobilization Act. With Mayor-elect Adams coming into office in January, he has reaffirmed the agenda in [80 by 50].

SL Green followed suit by forming our sustainability team in 2007, achieving our first lead designation, getting our recognition from the EPA, releasing our first sustainability report, which we've done every year since 2013, and you all have a copy on your tables today, participating in a number of working groups and now we're nearing the end of 2021.

So this year, we responded to shareholder feedback and made enhancements to our ESG program. We published our first stand-alone TCFD report addressing climate-related risk. We also made a voluntary commitment to set a science-based target, which is the most rigorous standard for establishing emissions reduction goals. We've also begun to evaluate a road map towards carbon neutrality and net zero, and we're paying very close attention to the rapidly evolving international standards on net zero and carbon offsets.

Our third major focus was on building health and wellness. We achieved the well health safety rating across our entire portfolio to assure our tenants, our visitors, our employees that their office space meets the highest health and safety standards. I'm going to turn it over to Alvis now to cover one of the most widely discussed sustainability topics in New York City, Local Law 97.

Alvis Yuen: Thank you, Laura. As you know, Local Law 97 limits the amount of carbon that New York City buildings can emit in a single year. And [while the law] established to provide recommendations that address owner concerns that legislations have not currently account for like high tenant energy use and 24/7 operations. A part of the 2023 recommendations, the Advisory Board is expected to adjust the carbon coefficient electricity to match a state mandate for a 70% renewable grade by 2030. Due to our preventive capital investments, we are well positioned for Local Law 97 and are projecting de minimis cost through the (inaudible) decade.

While that may not be the case for other owners who did not make the same investments, we monitor these funds closely, and we sit on welding committees and working groups, including to provide our expertise in shaping the future of the law. Although we now finalize the rule for 2030 onwards, we will continue to make investment in sustainability to go beyond the Local 97 limits and be fully compliant.

We have a game plan for energy efficiency that is effective as saving energy and reducing emissions with over $200 million invested over the past 15 years. These improvements reduce our GHG emission 30% per square foot since 2012, and we plan to continue implementing these measures throughout the portfolio. This will help us with Local 97 compliant beyond 2030. With new buildings, we can be more creative in incorporating new technology and design to put the limits of what's possible. The

sustainable features contribute to lead and well, facilitating lower carbon emissions and other environmental benefits in new construction.

However, we take a broader ESG View turn development, so wellness and community impact are also important aspects we consider. There's no better example than One Vanderbilt, which included $220 million in public realm improvement benefiting our community. We want to put a special spotlight on One Vanderbilt, from the very beginning, sustainably was deeply embedded into the project. We prioritize sourcing responsive materials during construction. That's why the steel rebar made a 90% recycled content and the concrete is made with 40% cement replacement. Operationally, water use reduced 40% by high-efficiency water fixtures, and our rainwater collection system will reduce water use by 1 million gallons each year.

These features are more why One Vanderbilt is the only wining world to achieve LEED v3 Platinum and v4 Gold at the same time, meaning the highest LEED standard available. It is also on track to be the first well-certified building in New York City. We earned a UI war for Excellent development as well as the commercial observer smart over the year. These accolades show that One Vanderbilt (inaudible) the most sustainable building in New York City.

And while the result of our consistent focus on efficiency are the many building certifications we achieve, the headline number is 91% of our portfolio is LEED certified. It all start with 100 Park, which we won the first building to New York City to achieve LEED. And as the standard became more stringent, we continue to recertify it for 15 consecutive years. We consider LEED to be the Gold standard, but we also look at other frameworks like ENERGY STAR. BOMA 360, WiredScore, Fitwel and WELL. As a result of this commitment, some of our buildings offer an energy stock for 10 -- over 10 consecutive years, validating our continued emphasis on energy efficiency.

We received a positive response from tenants that recognize that SL Green's ESG performance helps support their own goals. As more and more companies set their own corporate ESG targets, they require data on the environmental footprint of their office, and we enable that with our data transparency. We also help educate 10 employees on sustainably best practice through continuous trainings, presentations and outreach throughout the year.

For tenants trying and pursue leader well for their space, our base building certification means they are already 30% of the way there, streamlining their own process. We've heard directly from tenants, and there is a clear demand for ESG performance. So we consider our strong ESG program to be a competitive edge. As the ESG states evolve, we will continue to meet and exceed tenant expectations.

Thank you so much for your time. Now I'm going to hand it back to Marc.

Marc Holliday: Thank you. Okay. We are in the home stretch here. So it's good to be back and talk to you about one of my favorite topics, net asset value. This will be a

familiar presentation for many of you that have been part of our prior investor conferences, we're going to talk about underlying value.

We have a lot of discussions with a lot of investors, analysts, others, partners, lenders, about underlying value. It drives a lot of what we do because we are such an active seller. Underlying value was key. And I pride myself, the organization prides itself in having a point of view on the spot value of our real estate every single day. It's not easy. We had a lot of assets, as you know, the market moves. We're constantly updating projections, assumptions and pro formas and capital. So that at any given point of time, I'd like to think within 1% to 3%, we kind of know the underlying value of the portfolio.

How do we do it? Go through, take a look. First part of this, share price. Started the day at $70, 70 million shares outstanding, that's $5 billion of market capitalization plus $9 billion of combined debt, is $14.9 billion of total market enterprise value as determined by the public markets. So we look at that and say, okay, of that $14.9 billion, how does that allocate itself around our asset base. And what we do first is we take all the non-New York City core fee properties, which is the bulk of our portfolio.

So we take everything else kind of net it out of there at what I would call conservative valuations in general. We have leased fees and leasehold interest. Two leased fees. We do -- Crowne Plaza recently acquired fee at cost, $121 million and the [7-Eleven] half fee interest that are for cap. And then we take all the leasehold of which we have, I think, about 4 or so remaining, and we cap it at an average of 7, which we think is a good proxy for the valuation. We do it much more specifically. This is a summary format. It's $1.3 billion.

High street retail, we've got about 10 properties left in that portfolio. Brett did a masterful job walking through it. We take a 6 cap average. Most of these are credit deals. We think that is on the conservative side, there's $0.5 billion. Suburban asset values, 1 asset, landmark at NPV. Development properties, at cost. That is definitely a conservative route we took with One Vanderbilt and now we take with the other 5 or 6 or so properties in this development properties category, which includes One Madison at cost, $1.7 billion.

One Vanderbilt is now completed, not yet cash links were in free rent period. So we felt the best proxy was the recently concluded appraised value. We've done a lot of leasing since then, but that appraisal was as of June. It was the basis of the $3 billion financing, and we put One Vandy at appraised. Held for sale, 1 property, 1080 at contract price debt and preferred equity, we take a 10% mark for conservatism.

We certainly don't reserve to that level because we don't feel it's warranted. And then we have other assets, mostly fees and promotes a few other assets, which gives us a residual value for fee simple Manhattan office of $6.4 billion. That seems pretty straightforward to us. And then we take 2022's cash NOI at share of $500 million, $0.5 billion, and we get an implied cap rate of 7.8% and $474 a foot.

Everyone will have a different reaction to that. My reaction is, wow, that's really off. I don't buy it. I don't believe it. If it was suburban portfolio, maybe, but it happens to be what we consider to be the highest quality and best portfolio in the best CBD market in the country. And it should receive pricing, we think, is more appropriate. And even with these pedestrian cap rate levels of 4.75% to 5.25%, none of which we probably sell the assets at those levels.

But using those levels, we get implied stock price between $150 and $129 a share. That implies an equity multiple of between 17.5% and 19.5%, which is much more in the target of our peer group and price per square foot of $700 to $780 foot. That all sounds closer to right. And that is how we sort of estimate the implied valuation. The actual NAV we do is a ground-up build up asset by asset lease by lease, assumption by assumption. For this purpose, we just put out something that we think is an approximation based on various cap rate inputs.

Now let's talk about the bridge. We instituted this 2 years ago. It was a 5-year bridge. Last year, we were 1 year into it and they're 4-year bridge. This year, we're 2 years into it, and then we do a 3-year bridge. After this year, we're going to go back and reset a new 5-year bridge. But we want to be held accountable for our projections that we gave 2 years ago, 1 year ago and now we'll give today as it relates to the stabilization of most of our development properties by 2024. So we hold that day constant. And here's what we have. A year ago, we projected combined portfolio gap NOI at $671 million. We thought that was a pretty robust and good projection to give you 1 year ago, notwithstanding all the craziness of the pandemic.

Then we did a lot of things, most of which were unplanned or unscheduled within that number. So we sold a lot and we bought a little, which means we have to adjust, take that $671 million, take out the dispositions, add back the acquisition in order to get apples to apples. We did that. And what we get is the $671 million last year is a $611 million projection this year if I were doing it a year ago. So nothing different right now, just took the $671 million to $611 million because we sold off $60 million of net NOI.

So how do we actually do? 2021? Well, I call it a miracle, but we were at $611 million. Exactly. That is our GAAP adjusted NOI for 2021. We were on the money to the dollar. It changed a little bit in terms of the contribution a little bit more from the core portfolio, a little less from the development portfolio because of some deferrals. But net-net, $611 million, so pretty good.

So now we go back and we look last year, I said we have 16.5% per annum. That's not total, that is annual CAGR, 16.5%. We have to deflate that to reflect all those sales and disposition. So again, we took -- you see the top numbers or what was I said a year ago. The bottom numbers every year is taking out the net of those disposition properties. Otherwise, it's apples-to-apples. No change in assumption or anything.

And if you do that, it took the CAGR down from 16.4% to 16.1%, which means in the aggregate, we sold off a little more growth basis points more, still very little, but we took

the 16.4% down to 16.1%. So now we project out new for the remaining years, '22, '23 and '24. And we drop into '21 actual to see where that new line comes.

And that is a 14.7% CAGR, which means one of two things. We've either taken down our assumptions a touch, growth rate assumptions. Or we've deferred beyond '24 certain of the leasing that we otherwise had planned. It still means we've got close to 15% per annum NOI growth in this portfolio starting from the beginning of this year, meaning 2021 through '24. It's about 140 basis points less than before, still extremely, extremely high, and that's after a lot of asset pruning.

If I take that same growth rate, and I do it only over '22 through '24, which I think is what this group hears about most now. What's that growth over the next 3 years? We're projecting 18% CAGR in NOI, starting from 6 10 this year. going up to 6 50, 7 80 and 9 20 GAAP NOI. Other thing to note, while we have a little less growth in the portfolio, we saved $300 million of capital. So the sale properties reduced our capital outflows projected over the next 3 years and for 2021, so it was really 4 years, '21 through '24 by $300 million.

So net-net, if we invest that $300 million, that gap between 14 70 to 16 1 would shrink even further. And that is the bridge as it stands now. Like I said, next year, we're going to do all new 5-year bridge, but I'd say we're fairly pleased with where we stand in terms of how close we are to our original projections that we did 2 years ago when we stood here, notwithstanding what has been a little bit of a challenging environment for many of us in New York City and elsewhere.

So with that, I'm going to turn it over now to what you all have been waiting for. Matt DiLiberto, is about to take the stage, standing right there in the on-deck circle. It was -- we are proud of the job he does. We love this part of the show because it's the end, and that with the most with the most beef. And with no further ado, Matt DiLiberto.

Matt DiLiberto: Thank you Okay. Thank you, everybody, for joining us, enduring this. It's our 24th consecutive in-person investor conference, unblemished record getting together with all the shareholders, some of the venues have changed for sure. It's our second year here. We've done it in some raw space. We did at Jaz of Lincoln Center. Some of the faces have changed. Some have not so we just gotten older, which is why we don't update our head shots anymore.

Some of the handouts have changed. We went a little simpler. I recognized as kind of the screws around the office because I'm in-charge of cost, so I cut cost. We cut the little gathering, we cut the handouts. One year, we did ties. We've done chargers. Now we did a little notebook and pen. We were going to do date book.

Some people keep the date books. We're going to give out the ones that Marc gives us when we start. But they're a little confusing because he opened it up, it's nice. It's branded. It's 12 months, 12 months run from Investor Day to Investor Day first. You noticed that there's 8 days in a week, 25 hours in a day, and they won't to many weekends

or holidays. So we -- that's probably too confusing for you. That's the standard we have to live by here at SL Green. So enjoy your notebooks.

I noticed people have done a little intro on themselves. For those who don't know me, I am Matthew DiLiberto. I'm the Chief Financial Officer and Cruise Director for your investor conference, and I've been here for 17 years. Kicking off as I have historically, with some of the highlights of our credit profile, the strength of which certainly showed through this past year. Not just during times of dislocation, we are a firm that always focuses on maintaining a substantial war chest of no less than $1 billion of liquidity, both to provide stability and to allow us to take advantage of opportunities when they arise.

In recent years, our liquidity has actually been substantially higher than that $1 billion hard deck, in particular, last year, when you'll recall that we bolstered our liquidity at the outside of the pandemic, particularly in cash and your record levels due to the uncertainty. Low and behold, the business held up very well.

Collections remained very high, and we were able to trim costs. But maintaining that much dry powder is expensive, both in the interest and fees to carry it and in loss to opportunities. Now as market conditions turn the corner, we're deploying more liquidity to fund our development and redevelopment projects, leasing capital to repurchase shares and repay debt, and we're always looking for new opportunities.

Important to note that the 2021 and 2022 liquidity figures reflect the strategic reduction in our revolving credit facility by $250 million that I'll touch on more in a second, and our 2020 liquidity includes some of the proceeds from the sale of 410 Tenth Avenue, closed that late in the year last year and then deployed those proceeds early into 2021.

We have also dipped our toe into the world of cryptocurrency. Earlier this year with a $10 million investment in a bitcoin fund. Use of cryptocurrency is becoming more and more prevalent every day. We believe in the future of Bitcoin as a means of transacting business even in real estate. In fact, we expect to provide tenants the opportunity to pay their rent in that form in the very near future. We're also big believers in supporting our tenant base. And in this case, we made our investment with a prominent and respected fintech firm, actually a tenant here at One Vanderbilt, who is growing rapidly as they create innovative products to get a bitcoin into the hands of as many people as possible.

Diving a little deeper into the sources and uses of liquidity in 2021. You see an overall outflow disproportionately targeted to over $1.4 billion of debt repayment, another $670 million to the shareholder base in the form of share repurchases and dividends. The balance as a result of our -- that balance is a careful consideration of our use of proceeds, particularly from our asset sales.

Looking ahead to 2022, using -- these are very round numbers. Cash flow generated by our operations is bolstered by another year of disposition and financing activity, although relatively modest compared to this past year. While on the uses side, another $450

million going out to the shareholders through share repurchase and dividends. You'll also notice a substantial amount of capital spending in 2022.

I said that we would be deploying more earlier in my commentary. This is in the form of FAD capital, which I'll talk about later as well as development and redevelopment capital -- This is the result of projects like 760 Madison, 885 Third, 753 Third. They're in full swing. They are wholly owned unencumbered assets. We also have to fund the significant amount of leasing that Steve and his team did in 2021 and expect to do again in 2022.

Here's something that's in the works literally as we speak. I have been part of a number of credit facility recast here at the firm. Each of them is very unique, but I'm particularly proud of the execution that we are in the process of closing, which is why I haven't been in this room. With every refinancing, we consider our business strategy, underlying market conditions, liquidity needs, cost of capital, credit metrics and the latest technology in these facilities. With our proven track record in all cycles of the market, we saw a best-in-class execution that has been supported by our strongest banking relationships. The new facility will allow us to reduce borrowing costs, extend the term into 2027 and improve the flexibility in our covenant package.

And when it came to size, for the first time in our history, we needed to consider that the facility should actually be smaller given that the company has strategically shrunk by about 1/3 since the facility was last redone in 2017. We also want to be more active bond issuers need to add capacity or unencumbered asset pool to support those issuances.

So we decided to reduce the size of the revolving credit facility and the 5-year term loan by $250 million each. This rightsizing is freed up unencumbered asset capacity and also gave us the opportunity to shrink our bank group to the highest quality financial institutions in the world, representing our strongest relationships.

Assuming the use of the available extension options, this is what our debt maturity profile is expected to look like at the end of the year. Driven by One Vanderbilt financing and the pending refinancing of our credit facility, we expect to have a weighted average term of over 5 years, that's up from just 3.3 years 1 year ago.

So looking at some of the more significant maturities over the next couple of years, you see a huge opportunity for us to significantly reduce our interest costs and get back in the unsecured bond market with $800 million of bonds maturing in 2022. In 2021, we were not in the bond market, primarily because the proceeds from One Vanderbilt, which was done at a level far in excess of our expectations allowed us to repay with cash the $350 million of bonds that matured in August.

Next year, we'll be back as we have been in the past, we will be very open to short duration callable floating rate bonds that maintains maximum flexibility in our capital stack and balances out the long-term financings that we put at our properties. With regard to 100 Church, we have a couple of options on the table, we have created extraordinary

value there. We can certainly refinance that at its existing level or take out incremental proceeds, but it's also a great candidate to unencumber with other liquidity sources. And looking out in 2023, 7 Day is going to be ripe for permanent financing to take out the construction facility.

Of course, we'd be remiss if I didn't spend a few minutes talking about leverage and they've kept the soapbox locked away somewhere so that I don't get on it. But for those of you who know or are new to SL Green, these are the summary points on our view of leverage. For all the reasons I have laid out for years, we know and it keeps being proven debt-to-EBITDA.

It's a very interesting benchmark, but is not the right measure of leverage for Manhattan real estate. LTV has been the measure of leverage for Manhattan real estate for decades, other than a public REIT land and will continue to be for decades to come. In part, this is because the cash flow for Manhattan assets is valued much higher than any other U.S. market because of the diversity and credit quality of the tenant base, long average lease terms and consistently higher occupancies in high-quality buildings.

This is not captured in debt-to-EBITDA. Those values don't move lower in any dramatic fashion, even with shocks to the system, like the one we just experienced, and we've showed you that we're getting pricing at or above pre-pandemic levels. Also, because lower leverage reduces asset level returns, it reduces earnings and earnings growth, to say nothing about the competitive position in the market.

Now as shareholders, if that translated into multiple expansion, that seems great. But as we've all seen over the past 10 years, as we've been reducing leverage and increasing the concentration in quality of our earnings, the multiple has fallen. And finally, with regards to the unencumbered asset pool, constantly looking for ways to increase the size of it, like paying off the mortgage (inaudible) this past year and potentially unencumbering 100 Church next year.

Of course, one of the more frustrating elements of the basic debt-to-EBITDA math, well documented in this forum is that our development projects, many of which carry debt to fund their development are dragging down the calculation of their EBITDA is in the growth phase. In fact, most of the assets you see here aren't even generating EBITDA at all, but they are clearly very valuable.

One Vanderbilt is now 93% leased, and we got $3 billion of financing, 60% leverage at a value of $5 billion. And One Madison, we just sold a 25% interest at a value of $2.3 billion. So because these development projects distort debt-to-EBITDA, we always present the calculation with and without them to give a more accurate picture of our core debt to EBITDA. Not surprisingly, 4.6x, excluding the development, is exactly where we were at the end of 2020, proving that the development projects are the driver of the perceived, not real increase in leverage of using debt to EBITDA.

If I were to show us on a combined basis, you can see exactly the same thing, at the end of 2021, as the same as the end of 2020, leverage flat year-over-year. So we have many members of the team that you got to meet and then came up to speak today. We talked about all aspects of the business, the market, projects, balance sheet, underlying value, ESG, so there's only one topic left. But I'm obligated before I get into it to read this very explicitly from our attorneys. As I go through this, I may be using some non-GAAP financial measures. So you should look to our SEC filings, including the 8-K filed this morning, for any comparable GAAP financial measures and required reconciliations.

One year ago in this forum, we set ourselves apart from most public companies, particularly office REITs, when we provided full year earnings guidance while others simply threw up their hands and said, "We have no idea". Some considered this a bold move, but we had absolute confidence in our team's ability to execute on the plan. As you can see, in spite of all the uncertainty, we expect to end the year within a few pennies of original guidance.

And those couple of pennies are to the better, not to the worst overall credit to our budgeting and forecasting team and the entire SL Green organization who kept their eye on the ball and just simply executed. The largest positive manage was in other income, driven by higher lease termination income related to WeWork at 609 Fifth and AT&T at 590, that Harrison highlighted earlier, offset by lower expected fee and reimbursement income from the deferral of our potential additional sale of JV interest in One Vanderbilt, which we have deferred until closer to stabilization.

On the other side of the coin, G&A is expected to be slightly higher than our original guidance. That's due to the appreciation in our share price, affecting stock-based comp as well as just inflationary pressures on all forms of compensation and severance that we paid in 2021. Excluding these factors, we have been right on top of or even below original expectations, final component affecting our FFO per share.

The share count, that's about 2 million shares higher than our original expectations that simply due to share repurchases being done at a higher price and stock price moves higher and on a more delayed schedule than we anticipated. So now we go to 2022. And after completing over $500 million of share repurchases and unit redemption since we were here 1 year ago, we expect at least another $200 million in 2022. Clearing this number could go higher if the disparity continues between private market valuation of our assets and the public value of our stock, and we sell more assets for reinvestment into the stock.

This is kind of a fun chart I put up here last year. This looks at our buyback program relative to some of the other office peers. This time last year, we've done about $2.7 billion of share repurchases. So our program was the 12th largest office REIT in the SL Office Index, move that forward. If our program were a stand-alone company, it will be the tenth largest office REIT in the SNL office index. And as you know, that index was taken away in August. In the replacement index, which is the Dow Jones U.S. office real estate Office Index, will be eighth.

All right. So now we move into the components of 2022 FFO. Starting with GAAP NOI growing to over $733 million, $11 a share. Physical occupancy is on the rise across the portfolio and across the city, and that will continue over the course of '22. Positive overall trend that does result in operating expense increases on all property types. And in real estate taxes, much like my blood pressure around December, going up again albeit only at 2%, which is fairly modest compared to prior years, but still truly outrageous in the context of what we have just gone through, they should be going down.

In the Manhattan office portfolio, by far the largest contributor of our NOI now as a company, the spectacular building that we're all sitting in moves out of the development portfolio, enter the operating portfolio, generating a projected $102 million of GAAP NOI at SL Green share and $33 million of cash NOI at SL Green share, including a significant contribution from the Summit.

In the rest of the portfolio, we moved significantly off occupancy lows and increased our same-store occupancy by more than 100 basis points. And while our collections remain very strong throughout the last 20 months, we did have to take some reserves. In 2022, we expect to collect a significant portion of those reserved amounts, especially in retail and garages in part through some arrangements that we have recently executed.

These positives were offset by the lease expirations at 125 Park at 800 Third Avenue and expenses that have built-in increases like utilities and labor costs that are outside the control of our operations group. In the development and redevelopment portfolio, Meghann Gill did a great job highlighting how well the residential leasing is going at 7 days.

Commercial is expected to lease up over 22% as well. That will result in $6 million of GAAP NOI next year and growing. Offsetting that, we had expected WeWork to be up and operating at 609 Fifth. That would have taken this property out of the development portfolio, but we are certainly very pleased with the buyout deal that we struck with them to leave and are very positive on our prospects to lease the space back up.

As we continue to be even more concentrated into the best assets and the best asset classes, just those 2 portfolios now account for 95% of our NOI. As a result of these strategic dispositions that Brett highlighted earlier, NOI from the High Street retail portfolio really only comes down to 3 assets. 650 Fifth, which is Nike's flagship. That's more than half of the projected NOI next year, followed by 690 Madison and 1552 Broadway that make up the bulk of the rest.

Now in the suburban and residential portfolios, it's tough to call them portfolios anymore. We have one property left in each. And the residential property saw our announcement this morning, was 1080 Amsterdam. We're under contract to sell that. We'll be selling it in the first quarter of next year. So that comes out in '23, that will be replaced by 7 day when it comes out of the development portfolio.

Housekeeping, I get that question a little housekeeping question. This is housekeeping within the same-store portfolio, nothing going in. Only things coming out related to asset sales, 220 actually came out in the third quarter this past year after the JV. 110 East 42nd, [1080] Amsterdam, you saw one under contract at 719 Seventh and 110 Greene, we expect to market those for sale in 2022.

In same-store NOI coming off the lows we saw in the last 2 years, we're projecting a strong recovery in cash NOI in '22. Occupancy increases that I talked about particularly at 45 Lex and 711 Third Avenue, combined with managing operating expenses and collecting previously reserved balances drive cash NOI to north of 4%, which is a level we haven't seen since 2018. While on the GAAP side, we took some positive adjustments in 2021. Those are the primary drivers of the decline of less than 1%. Cash (inaudible), so again, it just gets me choked out.

In the DPE portfolio, we expect the portfolio to grow a bit while remaining slightly below our historical average. That's a strategic move. We can make this portfolio whatever size we want. We're going to originate around a $100 million more than the anticipated repayments in sales, and this corresponds to an increase in our FFO contribution from the portfolio, about $10 million. These results are obviously highly dependent on 2 things: one, being able to originate $240 million at 8% or better in a very competitive market and the outcome of ongoing litigation at 245 Park Avenue, where we're seeking to have dismissed bankruptcy filed by the sponsor. That is a great property, has lots of potential.

But while we feel comfortable with our position and the carrying value of our investment, we don't know how that situation is going to unfold or on what time line it will unfold. After realizing $65 million of other income in 2021, net of cost a more modest contribution next year of about $40 million, comprised primarily of special servicing and JV fees, including leasing management, construction management, that total of [$16.3 million] as well as lease termination income of $14.2 million, $8.2 million of which has already been identified, including the recognition of another $5 million from WeWork at 609 Fifth Avenue. And the remaining $9.7 million of other income, the ancillary items that we seem to generate every year as well as income generated by our hospitality group and the Summit operator.

With the backdrop of rising interest rates and a reduction in capitalized interest of over 28%, we are still projecting a less than $15 million increase in total interest expense. This excludes a $5 million nonrecurring charge that we expect to take when we closed the early refinancing of 280 Park Avenue early in 2022.

From an issuance perspective, I spoke earlier about expecting to be active bond issuers next year, those will carry a significantly lower coupon than what's in place. But the benefit will mostly come through in 2023, not in 2022, because those issuances are targeting closer to the maturity of those bonds later in the year. Interest expense always includes a meaningful amount of conservatism, built into our forecast every year in the form of 50 basis point cushion on forward LIBOR. And now we have to do it on forward [sulfur].

Our credit facility is going to be sulfur-based. We're doing more sulfur-based floating rate debt. The cushions on both of those curves equates to about $0.13 a share of conservatism built into our guidance. Last year, I did a little primer on capitalized interest. I'm not going to do that again because the methodology didn't change.

So this is simply a list of the properties against which we will capitalize interest next year. You will note that One Vanderbilt is still on the list. There is some capitalization left as tenants complete the fit out of their space. Capitalization will end on One Vanderbilt in the fourth quarter of next year, and interest capitalization ramps up substantially One Madison and 760 Madison as the projects there are picking up velocity.

And the last component of our FFO buildup, G&A higher stock-based compensation from a rising share price and in particular, inflationary and competitive pressures on all forms of employee compensation are offset by previous headcount reductions and some reshuffling within the organization, resulting in only a 1.6% increase over 2021 lower than historical. This proves again the incredible efficiency of the organization, given the volume of activity that we consummate every year, the quality with which we do it, and the dedication our employees have showed that being 100% back in the office 5 days a week since June 15 of last year.

Just proving again, our compensation structure continues to be biased to an alignment with you, 47% of our G&A is stock-based comp. All told, that this gets us to an objective midpoint of $6.85 of FFO. This excludes the $5 million nonrecurring charge that we expect to take at the closing of 280 Park early in the year. That equates to a 4.6% increase over 2021 and a guidance range of $677 a share. First, it's an animation year. I did no costing changes. I stated myself the whole time.

I mean it's just boring compared to everybody else. $677 a share, clearly, what we've been through over the last almost 24 months has proven this team and the company to be SL Green tough. Everybody's fair reconciliation of Fed shows material cash NOI, offset by historically high second cycle capital spend as we fund the obligations of all that leasing that Steve did in 2021, and we expect to do in 2022 as well as some of the projects that we've deferred during the pandemic to maximize retained operating cash flow. This is Mark's most hated slide. I'm not going to stop on it. It's for you guys to look at after the conference is over. These are the most salient assumptions in our guidance.

You can refer to that over the course of the year. I encourage you to refer to our entire presentation over the course of next year because we all do. And wrapping with the all-important dividend for the 11th year in a row, we increased our ordinary dividend by another 2.5% to $3.73 a share, resulting in a cash dividend yield still shockingly above 5%. We decided to keep it a monthly payment. Recall that in April of 2020, we broke with ReTradition, went to a monthly cash payment because it better matches cash inflows and cash outflows. Since then, the feedback from the investor community has been extraordinarily positive.

And since we like it more, we're keeping it that way for the time being. We're also very proud to reward the shareholders with another even larger special dividend this year. $2.44 a share, utilizing this innovative technology, we used last year. It allows us to distribute stock in lieu of cash for 90% of the special, and we will do a reverse again to return all of our per share measures back to where they were before the issuance of the stock. I have to give huge, huge props to our Tax Director, Mike Barber who is not here and our General Counsel, who's in the back, they worked for months, they spirited incredible effort with other companies and industry advocates to get the 90-10 allowed again for 2021, that was only a 2022 provision.

Otherwise, it would be 80-20. That came through from treasury on Tuesday or Wednesday announced on Thursday. So that allows us to retain -- maximize cash. We're going to use stock for the special -- the monthly recurring dividend covers the cash requirement. And looking at the dates at the bottom, even though we pay the entire special in stock, there is a deadline that shareholders need to look at, they need to elect how they want it, stock or cash. And then the final composition of cash versus stock distributed to each shareholder is ultimately prorated based on how those votes come in.

So there we go. I went way over. I feel the glare to my left, the hook. I would like to welcome back my esteemed bosses Marc and Andrew, to wrap this up.

Marc Holliday: Good job. Okay, so (inaudible) I'm glad everybody got to hear from a wide range of folks this morning. We are very proud of our team. We haven't had an opportunity to profile them the way we did today for quite some time. They -- and others behind them who didn't speak today, the whole executive team, the management team covers all this ground very efficiently and very professionally, and I think it's a better team in the business. And hopefully, you enjoy those presentations and hearing from some of the group about what we've been up to.

Now we're going to bring it all home and talk about the scorecard. We like to rate ourselves at the end of every year on how we did, if you recall, is what we presented as our goals and objectives 1 year ago. I think there are 21 individual goals and objectives. We basically look at the year ahead and then stretch those goals a little bit to keep everybody highly focused throughout the year.

Often, we'll miss anywhere between 25% and 35% of those goals, which is how we like to benchmark it, which means we're setting those goals rigorously enough. In a year like this, where I think the year worked out much better, if you will, than any of us anticipated for all the reasons that you've heard stated today, we hit a lot of goals.

I would say almost every goal. So this was an incredible year. It's never been the case in the past 15 that I've seen that, and it's a real testament to what we've done. So Manhattan -- under the leasing category, Manhattan signed leases, that we could have ever envisioned [1.8 million] square feet of leasing this year is supposed to be a tough year. It was, but we exceeded our goal by about 0.5 million square feet by doing a lot of early renewals and a lot more new leases than we expected.

Notwithstanding that, in the same-store portfolio, we are just shy, 20 basis points shy of our goal of 93%. Steve, you know what that means? I'm surprised you're so even standing here. You got 20 basis points to make up between now and year-end. Until then, we'll just sort of give ourselves a sideways because I'm not sure where that number is going to end up, but it won't be worse than [9 2 8].

And on mark-to-market, we had sort of a narrative out there that we thought the rents would be down 5% to 10% from very high escalated rents from leases signed in like 2005, '07, '10, as escalated. And notwithstanding that on all or mark-to-market leases, we did much better than our range, almost flat for the year, down 1.8%, and we're pretty proud that we were able to sign all those leases and keep them mark-to-market quite robust.

All right. On share repurchases, $400 million was our target. So unbelievable price opportunity in our stock, it is still the most attractive opportunity. We see pound for pound easily in our investment universe, so exceeded our goal of $400 million, bought back $502 million of stock, helped by our disposition pipeline as well.

Acquisitions, we exceeded our $100 million -- very modest target clocked $158 million of acquisitions this year. And then on the disposition side, as I went through my slides, we exceeded $1 billion goal with $1.9 billion of dispositions, given just how liquid the market was and the fact that we're trying to buy back a lot of stock on a leverage-neutral basis. DPE in the book was a split result.

We hit our origination goal, exceeded a little bit with $133 million of originations. Not but distress and opportunistic deals, at least I was hoping to see out there with my 10% target, one of doing those deals at 8%, they're more stable, with longer term, more core deals. We don't want to stretch them to sort of gamy territory and reach for yields kept it very conservative on the risk side. One Vanderbilt, we had a goal of obtaining permanent financing.

We met that goal mid-year. We kind of far exceeded what we expected and underwrote in terms of getting refinancing proceeds, which work to our benefit because we were able to defer doing a further JV of One Vanderbilt partnership interest, of which we own about 71% of until out there in the future as we get more towards stabilization and Summit has a full year of operation.

And then lastly, the last 2, 85% leased by year, and I showed you the stack chart, we're far in excess of that. And that's just testimony to the positive reception of what we built and achieved and opening of Summit by October. We set that goal 2 years ago, [October 21, '21]. That was our mantra. On October 21, '21, we cut that ribbon and you saw the ribbon cutting earlier. On One Madison, secured an additional joint venture we announced this morning, close a 25% interest, real credit to the investments team.

This interest because we already had a partner in the deal was a little bit of a passive interest on not the easiest to market. We found a trusted partner who really believed in us, believed in the project. We're able to get that done on a very attractive basis. And complete demand commence core foundation, you saw from Rob Schiffer, the amazing progress our team is making. Steel is going to start coming out of that core hole in the site middle of next year, which will be another great achievement.

But demo and foundation is well underway. 7 Day, you heard from Megan, but how well that project is doing in only a few months of marketing, 35% leased overall, 60-some-odd percent of the market rate units. And so we exceeded our goal there by quite a bit, notwithstanding where we had to work through with issues that could have been cause for delay throughout the year, they were not. Same-store cash NOI growth, we got to 0.75 right.

We just got the direction wrong. We thought it would be negative 0.75, turned out, we were positive 0.75. 150 basis points in a pleasant surprise. We unencumbered $386 million of assets. That was pretty much planned for us because that was -- represents the retirement of debt on 885, which we intended and did it unencumbered.

I'll let Andrew sort of go through the next one because that's (inaudible).

Andrew Levine: We've got a green (inaudible) TRS. It's been a while. We exceeded our 10% goal with 19.4% TRS to date, encouraging to see some recognition of the efforts of the team. And on that tells me the SNL office index doesn't exist anymore. We recreated it to make sure and test ourselves against our goal. We exceeded our 250 basis point goal by about 200 basis points or 444 basis points over the office index. Corporately, 100% of SLG work, the employees work from office in 2021. We are very pleased we didn't have any further shutdowns this year.

We were 100% work from office 5 days a week. Everybody was happy getting in our new space in this building in March, collaborating and having a very productive year. And supporting COVID vaccination efforts, we established testing and vaccination sites in our buildings and partnership with primarily the state government. That was a big initiative of ours, and 94% of our corporate employees are vaccinated as of today. So it's an ongoing effort.

Marc Holliday: Okay. So after this presentation, we're going to go off a little celebration for a couple of hours, and we go right back to the office and start on our 2022 goals and objectives, which literally begins the moment we work back into this office is the maniacal process of trying to meet a brand new group of what I assume are around '20 or '21 goals for next year, and we'll take you through those now. Some of the categories remain the same, some are new. Leasing. Manhattan signed office leases, you would think on the heels of a 1.8 million square foot year. We give ourselves a little breathing room, but no, you'd be wrong.

We're going to project 2 million square feet for the year, which will have the effect of increasing our same-store occupancy by 150 basis points from 92.8% to 94.3%, if I did that math right, which should be a chip shot in a market that's 18% vacant from our standpoint. So be happy, it's not higher. Manhattan office mark-to-market. This one, as I said, we were surprised to the upside. We were at 1.8 negative last year.

We're going to sort of go post flat again this year in terms of trying to meet these very high escalated rents, which are rolling off the portfolio at negative 2.5%, positive 2.5% estimated Manhattan was mark-to-market.

Andrew Levine: All right. On the investment side this year, share repurchases and acquisitions and dispositions. Share repurchases, we're guiding to more than $250 million based on sort of the sales we see lined up and the other uses for that money on the liability side of the balance sheet, reducing more debt. Acquisition side, we're going to target $250 million of acquisitions this year increased from last year. We think we'll see some interesting opportunities in some of the pipeline I showed you. And on the disposition side will continue to be active weighted towards dispositions, given our discounted stock price, so at least $750 million of real estate in the private market this year.

And then on the DPE side, for originations, we're going to target $200 million of new originations at 8%, continuing that theme of being active in this important business line, but keeping the risk level well and taking advantage of market opportunities.

Marc Holliday: All right. One Madison, we have narrowed it down to 2 primary goals. I think everybody is completely zoned in right now, zone leases and build to building. On signed leases, we're going to go with an early goal of greater than 0.5 million square feet and one of more anchors at the project. We probably had this in our original projections towards the end of the year '23. We're going to try and accelerate that as a stretch goal, and you heard from Rob about the activity in the market. As important, we need a building to house those leases.

So we're going to put a goal of commencing the steel erection for the new tower that will sit on top of the podium which is still above the tenth floor on that transfer map by November 2022, 11 months from now. And if you look at the building is how you get that down 11 months, but we will be erecting steel in 11 months. 7-day. We have 2 more goals there. Leased and financing. We're going to take our overall leased at the building, which will be barely a year in the market and make that 95% leased overall, that's commercial retail market resi fordable resi, everything.

And obtain permanent financing in an amount approximately or greater than the construction loan amount in place today.

Andrew Levine: 760 Madison, Ed showed you that incredibly complex project, small building, but like going on below the grade there. So expect to see big progress at that site. And then on the approval and marketing side, we'd expect it to be in the market in

2023 with the residential condos. We're going to push to accelerate given the market demand and I know I'm getting a lot of calls on these units. Somebody was texting this morning. We -- it's 11 units, new product on Madison in short supply. So we're going to look to obtain New York State Attorney General approval and launched the marketing of the condos in 2022.

On the community side, and our efforts to serve the food and secure in New York City, we're introducing a new goal of reaching 1 million meals served by Food1st in 2022. I think we're at 700,000 Harry thereabouts. So we got to get 300,000 raise the money and get 300,000 meals out there to people in need.

It's important -- become an important part of our mantra here. Financial performance, Marc?

Marc Holliday: On financial performance, same-store growth cash NOI that was modestly positive this year, we're projecting we're going to try to achieve 4.5% growth in cash NOI, that would be amongst the highest years ever for us, I would say, or certainly, in the past few years, those numbers have moderated now they're starting to ramp up again and that will be our goal for the year.

Unsecured bonds, you heard from Matt, we have some unsecured obligations that will be rolling off. We intend to replace it with bonds as we'll continue the theme. TRS, we're going to set the same target again, exceed 10% TRS to our shareholders and our new index, SNL Dow Jones in, we're going to see the Dow Jones U.S. real estate office index by 250 basis points.

ESG, our GRESB score, which is a corporate score, which is currently 89, I believe 89. It is currently 89%. We're going to target 92. We're already industry leading at 89, definitely market-leading for the New York City community with public and private landlords considered. We're going to push further the ESG team feels with a lot of hard work.

We can get to a 92 GRESB score. And then further diversifying our Board in 2022, we will further diversify our board. The board is -- does an unbelievable job. We've had a great loyal board with a lot of tenure and valuable insight and some great new members over the years, and the entire Board is committed to further diversify this year. So last but not least, we're going to try and obtain a downstate casino license. And stay tuned. We think we have a good plan, several options and a good partner. And we'll try and see if we're one of the fortunate few to bring gaming to New York City.

So with that, that brings to an end our presentation today. It's 3 hours on the button. The only things that was supposed to include Q&A. So we have some questions, where you get the rest of the -- all the presenters up here if we can fit, just the order standing around. And anyway, thank you for your attention today and hope it was informative.

QUESTIONS AND ANSWERS

Marc Holliday: Okay. We're going to take the ones we received that was submitted, however, they were submitted digitally during the call. We got about 10 or so questions. So we're going to try and knock these off real quick. The first one, if companies have been so successful with record profits and activity, without a full return to the office, what will encourage them to take space in the future? And what causes employees themselves to want to come back can do their jobs effectively from anywhere and be successful?

Well, I don't know if I agree with all the premises of that other than the success that companies have had throughout the year, which that we can attest to. And I think a couple of things to focus in on. One, companies right now are reading into their brand equity. There is no question that the decades of everything that's been built up is supporting a lot of what is being accomplished remotely, whether it's people at home or elsewhere.

But the business, in our opinion, is about innovation, mentoring, partnerships, lenders, tenants we're 100% work from office. Every day, we are making new tenant relationships, new partner relationships, traveling. If people aren't going out to breakfast, lunch and dinner, they're not doing their job if it's business oriented. There is no human way for most businesses do that job at home and not erode into that brand equity.

You heard from 4 of the business leaders today. Deutsche Welle, Bloomberg, McDermott, Will & Emery, covering 4 different segments of the market. We didn't script those people. Okay. We asked the question. What do you think about work from home? And what are you going to do about work from office? And to a person, the leaders of those big businesses here in the city said, we need to come back, okay? I mean, that's not -- in terms of a notion that you can do your work successfully anywhere, any place, any time, I think that's wildly false. I think we have an enormous competitive advantage in this market because we are present.

We are here. I don't know how you manage construction sites from home. I don't know how you sign leases from home. I don't know your market space from home. And that can be translated to all sorts of businesses. Bankers need new customer clients. Consultants need to pitch business do the diligence. Lawyers, I think, have been a tougher class, but the work product suffers as a user of attorney work product. Those who are remote we generally file them from the account because their work product is so inferior to people who are in the room with us and will often say, you come here or we don't do meetings by Zoom.

So it's not talking up our book, this is a competitive market. People work to try and succeed and to try -- and it's not all one big happy family. This is a -- it's a zero-sum game out there where the best companies prevail and the other ones will be less effective. And the people who show up to the office probably are going to make more money than their counterparts who are at home. Certainly, that's what we're hearing from a lot of people, if they're going to allow it at all. So that is -- our feeling is we have no fear of the

hybrid work model. And if anything, what we're seeing right now is the reshaped office as a hub of innovation and community and brand building that I think is as or more important today than it was pre-pandemic.

Next question. All right. Why sell the 25% interest in -- One Madison, ahead of an anchor office tenant? Do you have an ROI? I think from the beginning, our intention here has been to own 25% of this project. So we achieved that with the 25% sale. We announced this morning, it's trading very cheap on the screen, and we're going to keep selling interest in the private market and keep buying in the public market as long as that opportunity exists. This is just consistent with that strategy. And I would say nothing is sacred at the company, while the reticular -- we pursue to the ridiculous cap NAV exists, do you have an LOI?.

I would say, we don't announce LOIs. We haven't announced anything and stay tuned, but no comment at this point.

Next, how much net absorption do you see from the 8.3 million square feet of tenants in the market. That A3 was a sample. There's tens of millions of square feet of tenants in the market. That was tiny subset. Steve?

Steven Durels: Yes. Just to clarify that there's 225 new tenant searches that were initiated since the beginning of this year, 8 million of that is just in the fire and TAMI sector. So it just gives you a sense of the growing demand that's in the marketplace and sort of the trend line on leasing where we've seen 3 million square feet that was over 3 million square feet that was leased in November.

And for the third straight month Midtown leasing was over 2 million square feet. So clearly, the trend line is there. With regards to absorption, I think you really need to segregate the market between new development, heavily redeveloped and/or repositioned product versus the rest of the market. And I think those owners that are not forward-thinking who haven't invested in their spaces, they will trail the rest of the market.

Our focus is on our portfolio. And you can see by our own projections, clearly, there's going to be net absorption in our portfolio by the rising occupancy that we projected. We've got those deals in our pipeline today. And I think we're a very good barometer for that portion of the market which is representative of our portfolio of sort of the best-in-class or well-positioned, redeveloped, renovated product and the second-tier product. I think that's a tale of 2 cities, and that's the second part of the story that is going to trail.

Marc Holliday: Next. It seems that employers are more terrified of losing employees to more flexible workplace companies. The great resignation. COVID seems to be just an excuse to delay return to office, when do you think employers will regain the leverage to force workers back? How are your tenants managing this employee pushback?

Well, how will they regain the leverage? I think everyone is handling it slightly differently. Some people are giving fairly cut and dry [ethics], and those seem to be

working. There's going to be turnover that has happened and will continue to happen for people who are going to make a balance between work from a remote location in at possibly a different pay scale or possibly doing a different line of work. And there are those that wouldn't dream of not being in the office. And I think the leaders have all the leverage they need right now. I think this COVID overlay is causing a lot of delay and uncertainty from leaders that would otherwise just sort of mandate return because I believe the leaders do want return.

Although I think you're going to also see a hybrid approach become more and more prevalent, where one, maybe even 2 days a week, people are on the road, it doesn't mean work from home, it just means out of the office, generating business and 3 or 4 days a week in the office. I think they have the levers that they need, the laws on their side. And I do find that when leaders give that [Edet], people do return and once they return, they're happy for it. But there is a group out there that's leaving it optional.

They're saying right now until January, and then we'll see. I just think over time, whether that's January, Feb, March, April, it doesn't much matter to us as long as they eventually get to the point where people are back to a for 4.2 Workday in the office, I think just through sheer way to force that will happen in the future. Right. In terms of growing asset management business, are you looking at selling JV in additional existing assets or buying more assets with institutional capital? Harry, do you want to handle that one?

Harry Olsen: Sure. Yes, as I walked through in my presentation today, we're continuing to see incredible demand from the private capital markets for our assets. So we're going to continue to use our portfolio like we did at 220, like we did at One Madison and I walk through those case studies, to tap into that private capital that is available for our assets and grow that JV and asset management business.

And in addition, we're out there sourcing new opportunities, looking for new deals. We have an objective or a goal for next year of additional acquisition opportunities. And I would expect those opportunities to be capitalized with JV partners. I think it's important to note that every partner that comes to New York, their first stop is One Vanderbilt. When they come to New York, whether it's from the Far East, whether it's Asia, when they get here, their first off is at One Vanderbilt.

So we'll continue to mine that capital and try to find new opportunities to partner.

Marc Holliday: There was a focus on new development going forward with the success of OVA and plans for OMA when Madison, what opportunities exist within the company for large-scale development. Rob?

Robert Schiffer: Sure. There are opportunities within our portfolio. The Greater East Midtown rezoning increased the zoning bulk of many of the properties within the portfolio. So there could be select opportunities to add bulk to existing buildings. We continue to look at on and off-market opportunities for development within Manhattan at

large. And of course, opportunities may come out of our structured finance book as they have throughout history of our book.

Marc Holliday: Next. On casino downstate license, do you have assets that could meet the demand? Or is it something you would need to purchase/develop? And who is your partnership? Or are you going at it alone?

Unidentified Company Representative: These are (inaudible) head of gaming, by the way.

Marc Holliday: (Inaudible) brought to the street. Yes, we have -- we evaluated almost every asset in our portfolio. I think over 16 sites to see what could meet the Mark IV, a casino, downstate. And we've targeted a location that we think is super important to New York to the state, to the city, and that's within the Times Square. So pretty, pretty incredible spot. That's where large-scale gaming or entertainment can take place, and we'll see how that evolves. In terms of the partnership, we do have a partner. We think we have the best gaming operator, lifestyle operator in the world.

Gaming is not just a casino. It comes with entertainment, it comes with restaurants. It comes with all the things that kind of go along with driving tours into New York City. And we have a partner in Hard Rock that we feel is preeminent on that side.

Next. Who will pay for the new workforce patterns, flexible spaces, landlord indoor tenants? Does it show up in TIs, TAs, rent levels or free rent abatements? And with a desire for higher quality buildings, how much of the office stock becomes obsolete and what happens to it? Steve?

Steven Durels: Well, I think it's the point of my presentation was tenants are using their spaces in different ways. So that just comes out of the ordinary contribution of TI. I don't think it drives TI is up higher. But I think what it leads to is tenants are then going to tap on their landlord to say, "I want to go into buildings that are already amended highs to say I don't have to put as much of the amenitization portion or the flexible type of space into the 4 wells of my space.

So some of it will reside with the tenant. Some will be with the landlord in the context of shared amenity spaces. We are way down the road already addressing that demand. We were there a couple of years ago when you saw in some of our earlier redevelopments, a lot of lessons that we learned from One Vanderbilt. I can tell you or finding its way in a big way at One Madison Avenue, and in our redevelopments like in 919 and 750 and 885 Third Avenue profile. So I think it's a little bit of both. I don't think it drives up the TIs per se, I think it's just a tenant using those TI dollars in different ways.

And as to how much of the market is obsolete. I think that's a function of we're always have the faith and the confidence to make the investment and the wherewithal to make an investment in their properties. Thankfully, organization that has that capacity and the resources and the commitment to do it. I think there's a lot of other owners out there that

they're going to be second-tier players. It doesn't mean the buildings can't be redeveloped. It just means that the decision to do that will lag and that will create opportunity for us.

Marc Holliday: Does SLG see its future more as a fund manager or will SLG remain 90% plus New York City office NOI based? How does DPE play into SLG's future, especially given long-term success? Andrew? Why don't see...

Andrew Levine: In a little bit of reverse I mean we definitely are going to remain a New York City company. There's no plans to diversify if at all, (technical difficulty) because the slower we get, there is a universe of folks out there who -- the value -- the underlying value is a much more concrete thing for.

And I think there are investor groups out there that are much more willing to express their investment dollars for companies they see is highly undervalued. If that has the effect of bringing your stock price up, great. If it has the effect of attracting attention to the company, I think that's great. It won't stop us from the path we're on, which we think is holistically a great path.

But clearly, there is a level of frustration of doing the business we do at the level we do it and having equity sort of underperformed where we think it should be and selling assets widely in excess of Green Street's estimates and others, it just shouldn't be that way. It's not that hard to figure out. And so we would leave the door open for any of these options. We're going in a different direction going forward. You heard that today. So whether it's going to be establishing programmatic JVs, funds, entertaining interest from private companies are continuing the sale of assets and repurchase stock, all of it has the common goal of trying to increase the stock price this year.

We had or having a relatively good year. There's no reason the stock should be up $4 today because there's nothing we said that isn't exactly in line with everything we've been saying it's just now -- I guess it's out there. It's a little more tangible. But everything we put on those goals and objectives, we're going to try and meet every 1 of those -- so don't wait until next year. We're working on it right away.

Marc Holliday: All right. That's it for questions that got texted in.

I guess we have a couple of mics, if anybody has questions in the room for any of the presenters.

Unidentified Participant: Two, I guess, clarifications for Matt. Within guidance, you talked about prior period rent collections as maybe contribution. A, can you just tell us what that number is? And b, is there any impact from 245 Park in the guidance? Or do you just assume that you continue to sort of collect the DPE income?

Matt DiLiberto: It's assumed to go in reverse order. [245] is assumed to be a DPE position that ultimately our largest of the 2 positions we carry there matures in the middle

of the year. So we've made that assumption and let it run out and redeploy later in the year, that's 245 . And then with regard to collections.

So we have a number in there. It's around $10 million. It could be higher, it could be lower. We have some haircuts we've taken on, on some of the amounts. But in particular, we had garages that did not pay rent for -- in one particular operator. We have a deal to collect a significant portion of those back rents, and then we also have a couple of arrangements with retailers. Office questions was 98%. So there weren't -- there wasn't anything to collect there.

Unidentified Participant: Can I ask Matt, the 18% CAGR and NOI growth over the next 3 years? How does that translate into us per share growth? I know you're going to have capitalized interest and offset (inaudible).

Matt DiLiberto: We gave it to you for '22. So '22, it will be about 4.6%. And then in '23, I'll tell you, 12 months from now.

Unidentified Participant: Your capital base is shrinking, interest costs are going down, you would think that this means an acceleration of (inaudible).

Matt DiLiberto: It would seem to be. But look, we have a lot of transactions. So we layered a lot of transactions into our guidance. But the goals and objectives is just an important differentiator between what we guide to and what we do. Our goals are stretch goals, right?

And when we beat those, they could substantially change what the forward look looks like with the goal of always creating more value, we're always trying to drive those to be better. You're saying static state, yes, I think that's the trajectory you appear to be on. But I wouldn't be surprised if we beat those goals and do a lot more than is in there because that is kind of our MO.

Marc Holliday: A lot of questions. Two in the back when right here, I can't see what is.

Unidentified Participant: Just 2 questions on the guide, the 4-year or 3-year guide now. Can you just give us a rough sense, what is embedded on same-store growth for, say, '23 and '24? Like, what broad assumption are you using to come up with the overall 18% CAGR? And then on the CapEx numbers in the core portfolio, it seems to jump quite a bit around. Can you maybe unpack that a bit, like what is core CapEx, maintenance, TI, just high level, what's causing the volatile (inaudible).

Unidentified Company Representative: So the answer is I have a lot of stuff in my head, but the breakdown of 4 years of capital I don't have. So we are spending a lot on TI, right? I mean, Steve did 1.9 million square feet or 1.8 million square feet this year, 2 million next year. So there is a substantial amount of leasing capital in those numbers, and we're becoming more and more second-generation capital.

So that will flow through FAD and is influencing those capital numbers. As the same-store growth, look, our historical average for 20 years is roughly 3%. So you have a down year, it jumps to the following year. So we were modestly positive, but that's relatively low. So it jumps up to 4.5%. A 3% steady state is a 20-year track record for us, that would appear to be where we'd average back to.

Unidentified Participant: Harry, what are some of the sort of broad growth assumptions and revenue we're using throughout the Bridge, if you can generalize?

Harry Olsen: Sure. Yes. I mean we're endpoint mostly using growth of about 3%. On our market rents, so we're getting some pickup in our MLAs as leases roll. And generally speaking, it's consistent with previous NAV runs and cash flow rents.

Marc Holliday: I thought we took down the growth of touch this year over last year is you get it more conservative, I would just sort of talk about that.

Harry Olsen: Yes. So last year, we had some pop in the first 2 years of our rent assumptions because after -- in the middle of 2020, we took down our market leasing assumptions within our models, and we were projecting out at the end of 2020 some more significant growth over the next 2 years. We've taken those growth assumptions down to some extent, just to project out over the next few years, a bit more of a more conservative model.

Unidentified Participant: It's good to know the air condition works in here. Marc, it's a great building. Mark, you talked a little bit going in a different direction of this asset management business and really solidifying it more in the future. Do you think (inaudible) is going to be very active outside of the office business in those asset management deals as that capital comes to you, but you're going to be more willing to do more nonoffice projects because you've been reducing a lot of that equity in the company by selling off.

And so I'm just trying to figure out how you sort of view it going forward? And is there an ultimate goal that you just sort of become an asset manager by selling off more and more of your -- I don't know if that's like the thing you're leading us towards that -- of this discount. You're going to go take all of this money and basically turn yourself into SL Green management.

Marc Holliday: What we are leading towards is we can't invest in a project at market and then have the equity marked down 25%, 30% immediately. That's just not a good business plan because that equity seems to get marked down in the public.

So we're doing -- we live in an at-market environment. And we need to -- we tried fighting that front, I would say, for many years. And now, we're saying, "Okay, look, we have an unbelievable franchise and platform. We have endless opportunity to manage that money for others." Right now, everybody in this room is the others. We wanted to manage it for you and make these great returns. But you can't if there's no sort of

monetization or recognition of the underlying value, other than through sale of the asset, because when we're -- it forces you to -- well, it doesn't force you, but it guides you to churn through those assets.

And some of them were good assets and some that real estate buyers would keep 10, 15, 20 years. So I think it's an opportunity for us, for our Board, for our management team, for this company to take that unbelievable franchise. And if this group doesn't want to put the money in, let's go to groups that do because there is an endless appetite out there in the world to put money into New York City treasury equivalent assets.

And over the past 2, 2.5 years, as we've kind of gone around the world to capitalize our great projects, we've seen not only is that out there, it's out there in abundance. So good for all of us to go a little equity light on the investments because the equity doesn't get the valuation that we needed to in order to make that an ongoing business because we would need to do equity issuances to be active in this market. We certainly can't do that in today's environment.

So we're guided towards this, which, by the way, we're okay with. I mean it's not -- I don't want to -- there's no issue or problem here. I'm going to agree by nature. I always say, if we have something good, let's make all the money for ourselves. And what we mean ourselves is you guys in the room. If that's not really the MO right now for office, public office companies in New York City, well, then let's go where that money is and use this franchise to make fees and promotes and other things, which we don't -- no problem with that. It's -- to us, it's as reliable as underlying NOI. It's just a little bit of a divergence. We're going to be making very high returns and very -- and smaller equity investments.

And I think that the public market will appreciate the cash flow in lieu of what we see as monstrous appreciation potential. You have to look at the gains we're making on these assets that we're selling, not just the volume we're selling but the gains that's enabling us to acquire the stock. And it's why, on the margins, we're performing, think, as well as we are, partly because the market is good, partly because we've been buying back our stock accretively because the FFO return on our stock right now is 8% or -- I don't know, at 6 85 divided by $70, whatever that is, it's high.

So it's a good program for now. It's where we want to go. In terms of asset class, we've -- we're very fast in resi, retail, office. We made our first hotel investment. We bought a piece of land under the Crown building, we think, is a good investment. Although there is a little still some objection and contest around that acquisition. We don't think we have any downside, but yet to be seen how that litigation plays out.

So with all that said...

Unidentified Participant: Would you view that more so assets on your balance sheet or new investments or existing or new development?

Matt DiLiberto: New investments.

Unidentified Participant: All new investments?

Matt DiLiberto: Not all, but predominantly. And we're going to continue to do the assets on our balance sheet as we announced this morning.

Marc Holliday: But the bigger focus is being active in this market, creating new value with new development, new acquisitions, going equity light, creating a bunch of fees. And it will be -- it should be a good -- it's the program that I think the public markets want, put aside whether -- we'd like to have the best -- the fees and the asset appreciation, but we can go fees only.

Any other questions?

Matt DiLiberto: Michael?

Marc Holliday: I'm sorry, just (inaudible).

Unidentified Participant: Over here.

Marc Holliday: Here you go.

Unidentified Participant: Just on 1 Madison. You guys have created a ton of value here at One Vanderbilt. And obviously, the value exceeded everyone's expectations, got better as time went on. It doesn't sound like you're in need of capital to get the 25% stake out. I don't know, Matt, how much the JV is delivering for fourth quarter FFO as far as the onetime benefit of gain from the sale?

Matt DiLiberto: Yes. There are some fees off it, but it's not a driver of...

Unidentified Participant: But why not hold that 25% stake in 1 Madison. Capital is not going away. If you do there what you did here, you're going to create a lot -- or is it just that simply the return on those fees that you're going to get from having 75% of the building owned by others is better than...

Marc Holliday: I would say, I think it's the answer I just gave, which is sure we'd -- we always intended to own 25% of this asset. That was the gating going in, not because we didn't believe in every bit of the -- I say this building built worth $3 billion or more. No question on stabilization. And it should be, if we do the right job.

The issue is we won't see stabilized NOI on this asset until 2025? '26, '25? '25, '26. I don't think this group has the patience for it. It's like that simple, to have all of that capital tied up and have all that pro rata debt, which people don't take out of the debt to EBITDA. So you've got 0 EBITDA, all the debt put in. And it creates this narrative of higher leverage

than really exists. You got to -- you saw when you take those development properties, we're at like 4 or 5x debt to EBITDA. It's a very conservatively managed balance sheet.

But the narrative just doesn't get it done. So now we sold the interest. We're happy with that sale. We got an excellent -- we have an excellent partner, both with the original sale and the incremental sale. It provides us with some capital to reinvest into new deals on this new model or to buy back stock or to retire some unsecured debt and create a lot of fee revenue. So it's not a right or wrong. It's just a different approach, and it's a very profitable approach, and we're happy with the sale.

Any other questions?

Matt DiLiberto: Jamie.

Jamie Feldman: So the pictures of (inaudible) building and everything (inaudible) business model. Just curious, as you think about [operating] capital and (inaudible) where do you -- where do the flexible office providers fit in as you think about the recovery, given this kind of highly amenitized building model? And what are tenants thinking in terms of lease durations?

Steven Durels: Well, it's Steve. So there's 2 parts to your question. Do we see the WeWorks and the Industrious, the -- those types of tenants being a part of our portfolio? And the answer is not really. I think there's a place for them in the market. I don't think they necessarily need to be in our buildings. I've never had a tenant come to us and say, I'm only interested in being in a building if there's a co-working type of business that's also in the space.

So I mean, there's -- the average-sized tenant doesn't need it. The really large tenants can take advantage of it to a certain degree. It's good for the overall market to have some element of that in it, in the marketplace for sure. We have a small business, Emerge, that we can ramp them up and downsize them as needed where we -- if we have the kind of tenant demand. But I don't think it's a big part of our offering, and I don't think it's needed.

With regards to term. The terms are getting longer. 2 years ago, there was a lot of kick the can down the road mentality from tenants. Today, you're seeing -- you saw that Marc put up there, the amount of leasing that we've done this year, that was heavily weighted towards new tenants. Those are long term deals, driven by expansions, driven by long-term commitments, driven by big capital expenditures on the tenant's part.

Tenants are looking past COVID. They are looking to bring their employees back, and they are making the real estate decisions, and therefore, the terms -- of the average lease term is extending.

Unidentified Participant: Marc, back here. This is actually related to Michael's question somewhat tangentially, but as you continue to shift the business towards more asset-light

or programmatic kind of JV focus. I guess is there -- and maybe, Matt, this is for you. Is there kind of like a theoretical limit to kind of how far you can take that as the -- to your guys' point, as the portfolio quality increases, theoretically, like your cost base is -- you should be making more versus your cost, right, each time you sell an asset.

So like if you were to, at any point, lose the ability to like distribute 90% of the special dividend in stock, would that like limit your ability to retain capital and kind of change your planning? How do you think about any contingencies around that?

Matt DiLiberto: So the answer is the technology we're utilizing for the special dividend is not contingent on 90-10. That's just an incremental benefit. If we went to 80-20 on the dividend we're just distributing, it would have been [$60 million] more cash than we pushed out, but we're happy to keep the cash in-house by going 90-10, we put in a lot of effort to get that.

But the technology we're using can be utilized, I'll say, indefinitely. There is no limit you're distributing taxable income, meeting the requirements and retaining as much cash as possible 80-20, 90-10, nominal difference.

Marc Holliday: Mean most of the income is still good REIT income. So I don't see any limitation other than you can depreciate real estate. I don't think you depreciate fees, but the fees have no capital...

Matt DiLiberto: On the new investment side also, I mean, with the JVs, we're stretching our equity base. So it's using less company equity, more third-party equity. I just -- the bias towards dispositions that we showed you for this year and the last years, as the market turns, we want to sort of adjust that and be in a position to be acquisition biased as opposed to disposition biased.

Unidentified Participant: I guess maybe said a different way, is there a world where as you're selling down positions, do you actually have to like dividend out more of the capital to shareholders who ultimately pay taxes on it, such that like the after-tax gains aren't really what they once were and the premium -- well, the discount to NAV kind of like equalizes to the taxes that they pay. That's kind of the bigger picture question as you sell it down, right, as you shift the mix?

Marc Holliday: Well, it's a question of deferral, right? Yes, tax now, pay in the future. I think most people would vote pay in the future. So yes, I mean, everybody owns that tax obligation, including this management team. We're deferring the tax. So that's generally what we try to do is defer the current tax load as well as shelter, reduce the tax obligation whether that tax obligation is deferred. I think that's been our program to date, and we're going to continue with that.

But you're right. I mean, at some point, there are gains to pay. At the very end of any (inaudible) deferred gains don't equal $30 a share. So -- and that's maybe the -- like (inaudible) because we're -- at the end of our tax shelter, obviously, that's why we're

doing the dividends and the reverse splits, but we don't have embedded gains in the rest of the assets that equal $30 a share, I mean, of taxable income.

Matt DiLiberto: The ultimate deferral is a share price that much -- is much more closely correlated to NAV, and we can sell stock and sell-in, instead of selling our assets. It's a great solution.

Marc Holliday: Okay, maybe one more question. I think we've sort of overshot our time limit here. If there's one more, we'll make it the last, otherwise -- okay, going, going, there you go.

Unidentified Participant: Matt, did you say you're invested in Bitcoin? And could you talk a little bit more about?

Matt DiLiberto: I did, I did.

Marc Holliday: He means personally.

Matt DiLiberto: In second quarter, we made a $10 million investment into a Bitcoin fund through a tenant that's got a lot of space here in the building. I mean we do believe -- crypto, we're going to go the way of crypto. We hear it from tenants. We have tenants in the business. We hear from tenants that request, hey, am I going to be able to pay in crypto?

So we said we're going to try and set up a system for them to be able to do that to pay their rent. That's up to them whether they want to or not, but we want to provide them flexibility to do it. There will be a trend in that direction. At $10 million. So it's not life-changing for the company, but we feel like we should have an exposure there.

Marc Holliday: Okay. So as we wrap up, I want to give thanks specifically to the people that helped make this presentation come together flawlessly as always. The team at Image Media, great job. We've been working them for a number of years. Joe and Tanya and Ed and others, their whole team, great job. The SL Green IT team. We leaned on you guys as hard as we ever had this year. And led by John Matthews, who I know is here somewhere. A.J., Amir, Peter, Brian, who just worked specifically on today.

There's a whole 20-some-odd people, part of that team as well. Atlantic Pictures, my cousin, Darren, thank you for making us look good with these awesome videos you put out-year after year. The Hospitality Group, Gerald, Mariana, Briana, Rebecca and Megan, for turning this place into the venue of Midtown. This is booked every day, every night through New Year's, and we're turning away a lot of business.

That's a little benefit we hadn't fully appreciated when we built the building. That was going to turn into a great hospitality event space. Jeremy, our PR guy from BerlinRosen. I don't see you here, Jeremy, but thank you for going through all the narratives and slides make us -- to make sure it all holds together. And Heidi Gillette, I don't know where

Heidi is, but our rock, keeps us focused. She's a disciplinarian. She's been here with us working in various capacity, and she basically owns this process. Thank you, Heidi.

I'm going to ask everyone to sort of move to the side, and we're going to get to what I think is the main event of today. You guys are going to go see Summit, and that's fun. We're going to show a little launch film, you're going to meet the Summit team at the B1 level where you enter. You're going to go through the whole journey as though somebody would be doing it if it were open, which is not today.

We close it 2 days a week. And then you'll hear a little bit from Rob Schiffer and Kenzo, who along with myself worked on the conceptualization of everything you'll see today. But if all goes well, we're going to have a little video to play, and let's do it right now. And thank you again for support throughout the year.

If there was any question about what I think from work from home, I think that movie expresses it very succinctly. I think we're in groups of 20 or 25. We have guest ambassadors from Summit outside ready to pick you up. And away we go. Thank you.