



 **SL GREEN REALTY CORP.**  
COMPANY UPDATE | SEPTEMBER 2014

- I. Company Overview
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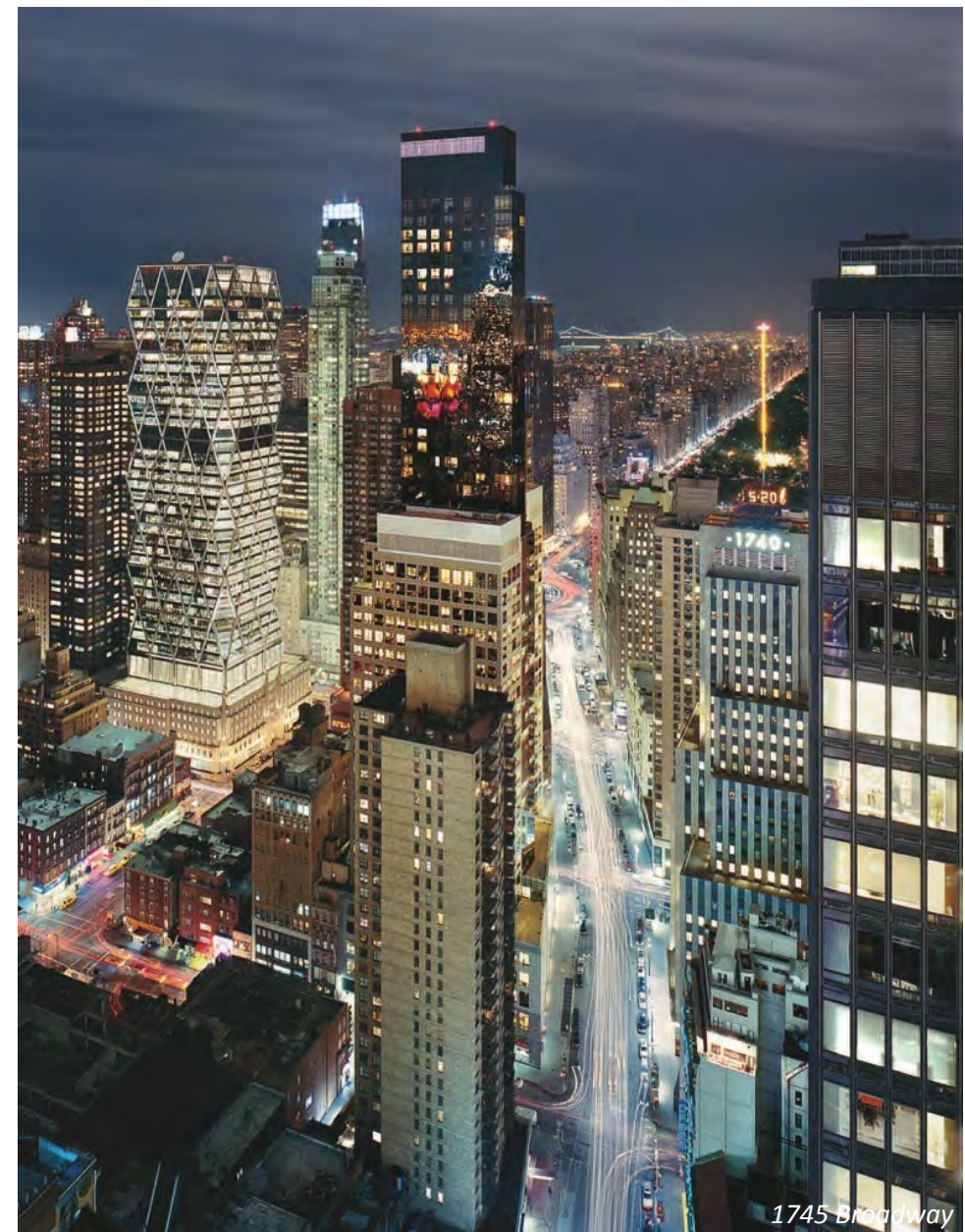




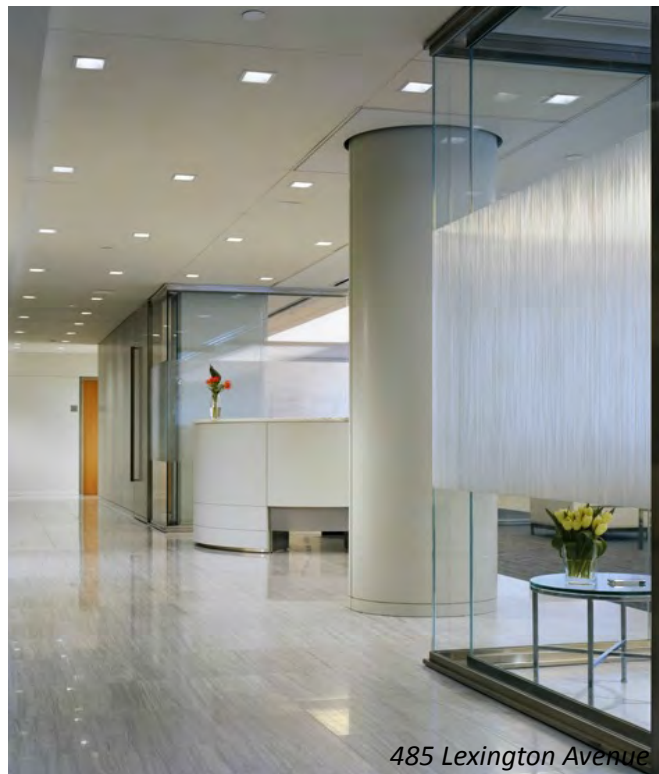
810 Seventh Avenue



1515 Broadway



1745 Broadway



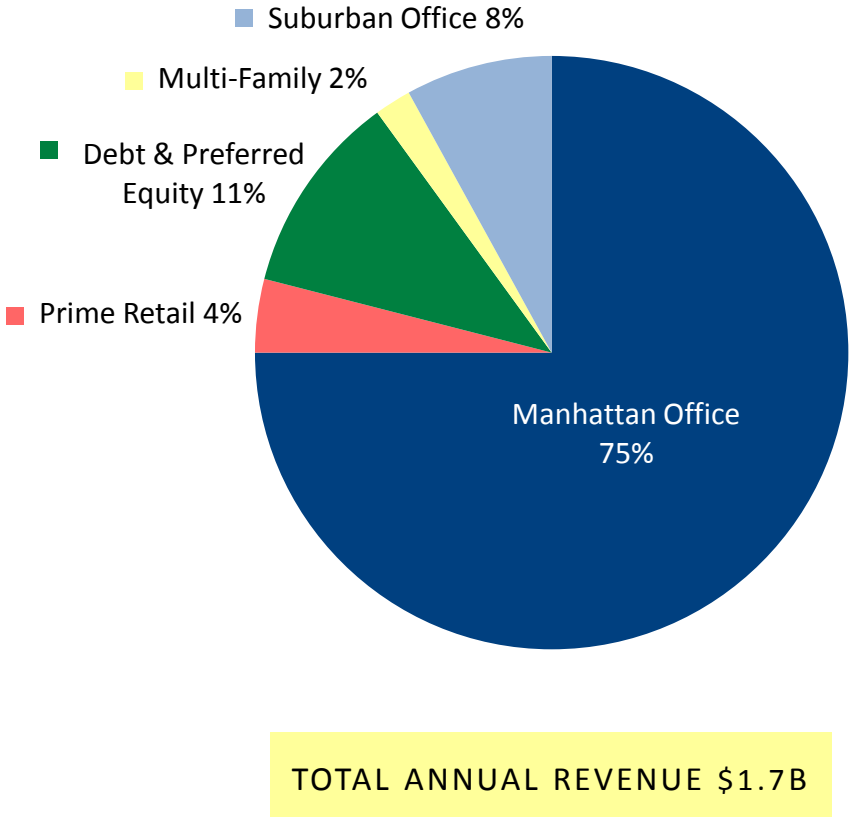
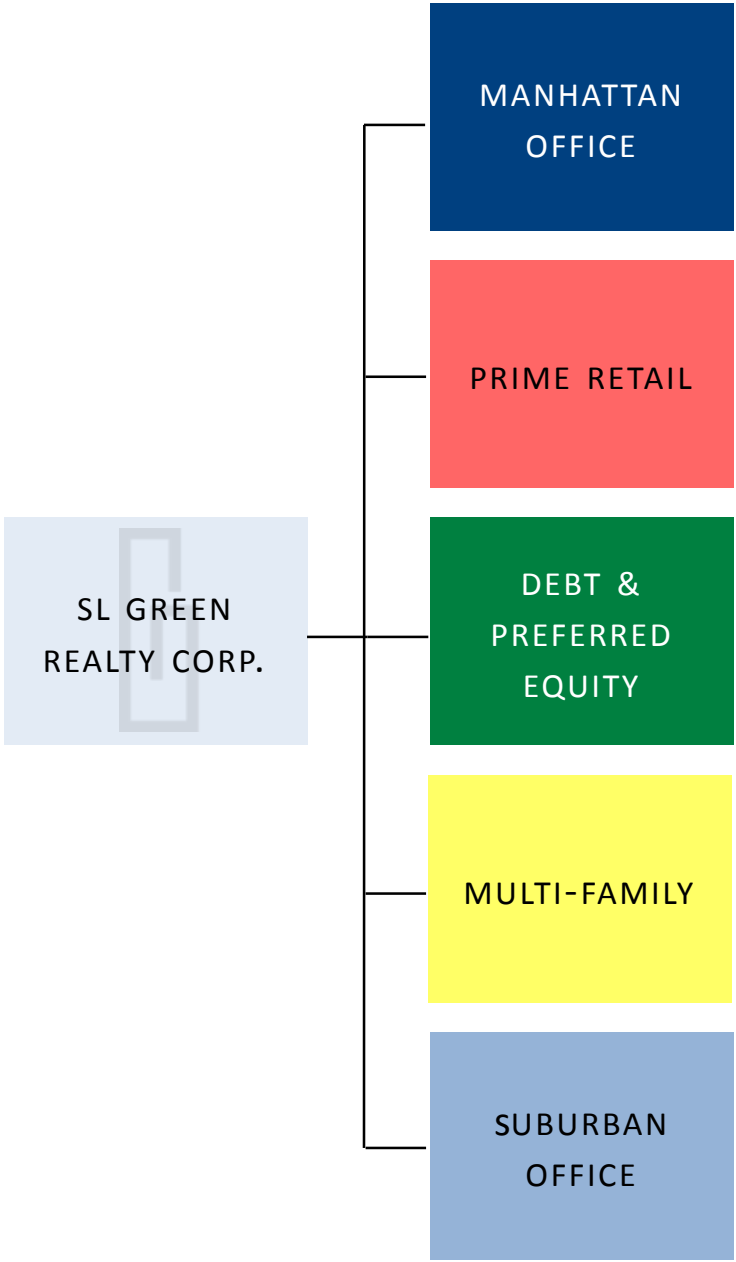
485 Lexington Avenue

## I. Company Overview



# Major Businesses of SL Green

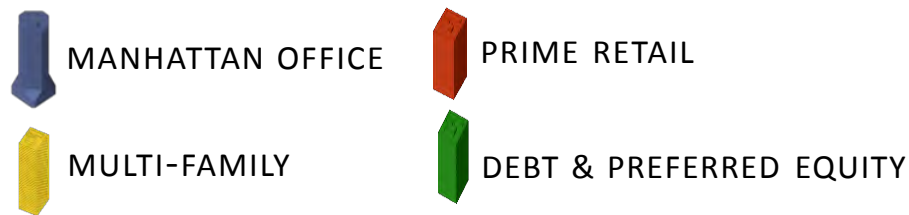
COMPANY OVERVIEW



# Dominant NYC Footprint



COMPANY OVERVIEW



- Portfolio includes approximately 11% of class 'A' and 'B' office space in Midtown Manhattan
- Interests in 94 Manhattan properties totaling 44.9M square feet<sup>1</sup>
- Greater than 1,000 tenants

<sup>1</sup> Includes debt and preferred equity investments secured by 16.9M sf





420 Lexington Avenue



750 Third Avenue



724 Fifth Avenue



1350 Broadway

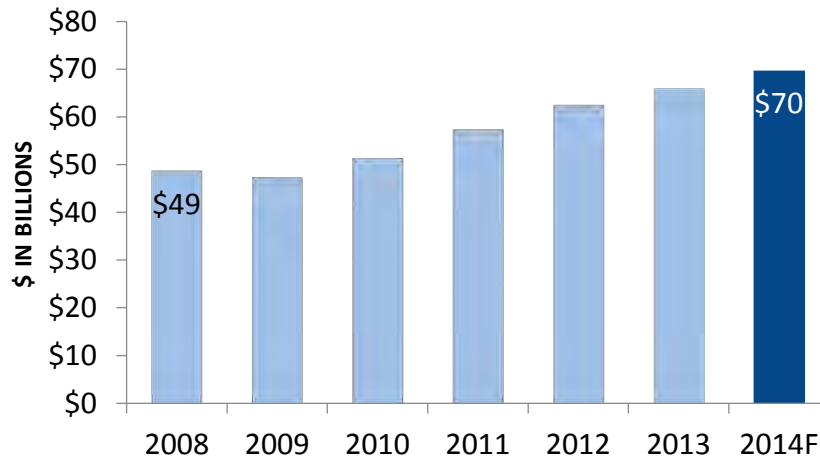
## II. New York City Market



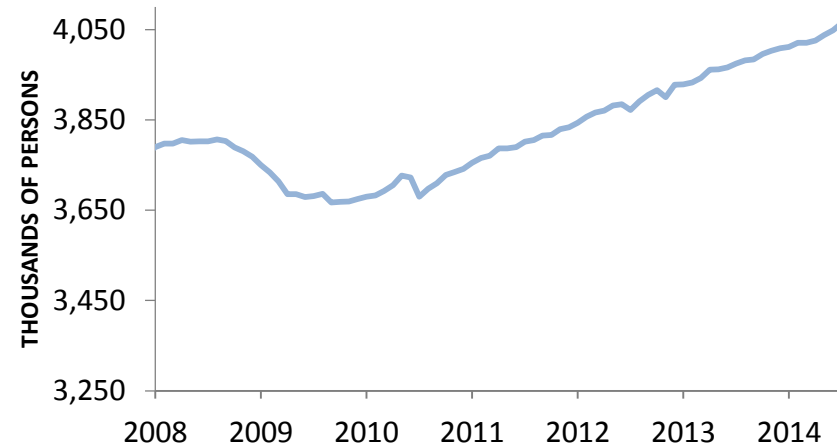
# Positive New York Economic Trends

NEW YORK CITY MARKET

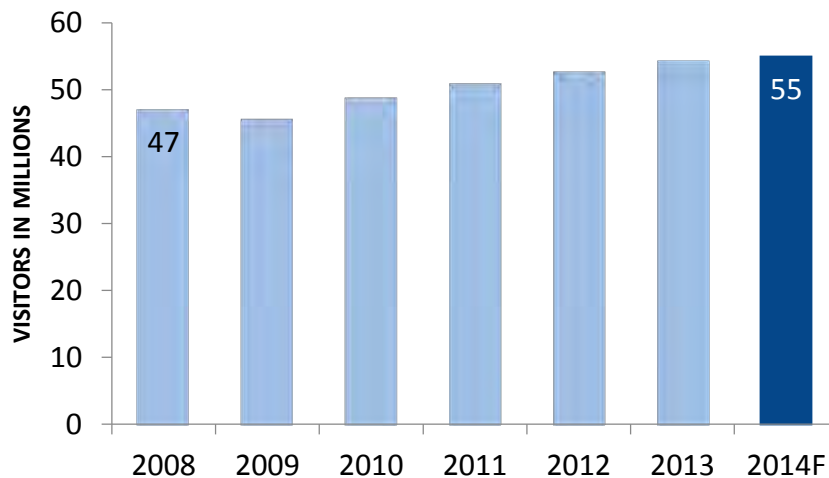
MANHATTAN TOTAL RETAIL SALES<sup>1</sup>



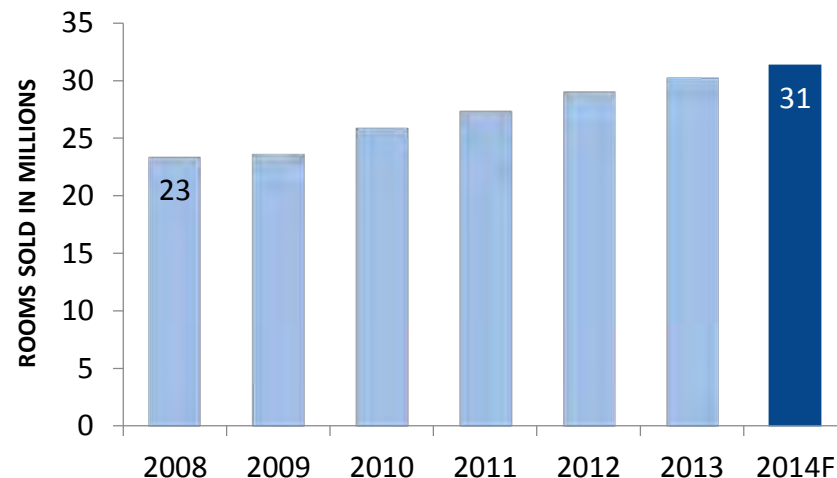
NYC TOTAL EMPLOYMENT<sup>2</sup>



RISING TOURISM<sup>3</sup>



GROWING HOTEL ROOM OCCUPANCY<sup>4</sup>



<sup>1</sup> Cushman & Wakefield: 2014 Forecasted by Moody's Analytics

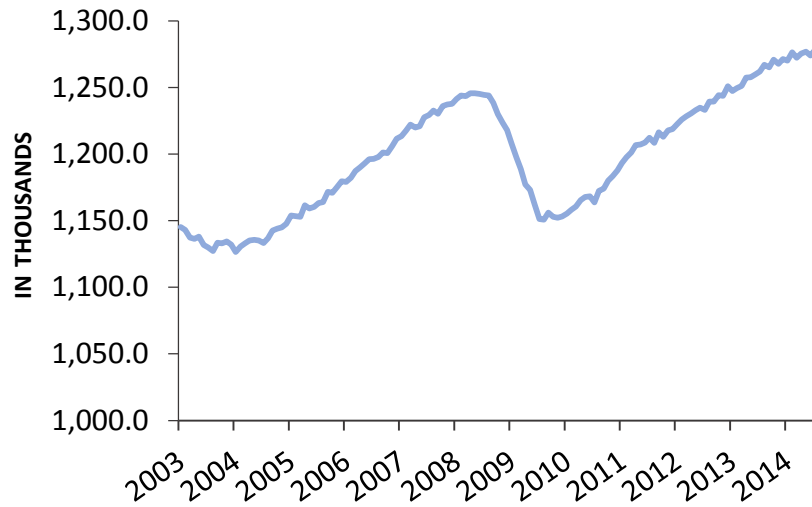
<sup>2</sup> Cushman & Wakefield: Aggregated from U.S Bureau of Labor Statistics

<sup>3</sup> Cushman & Wakefield: Aggregated from NYCGO, 2014 Forecast from Mayor Bloomberg

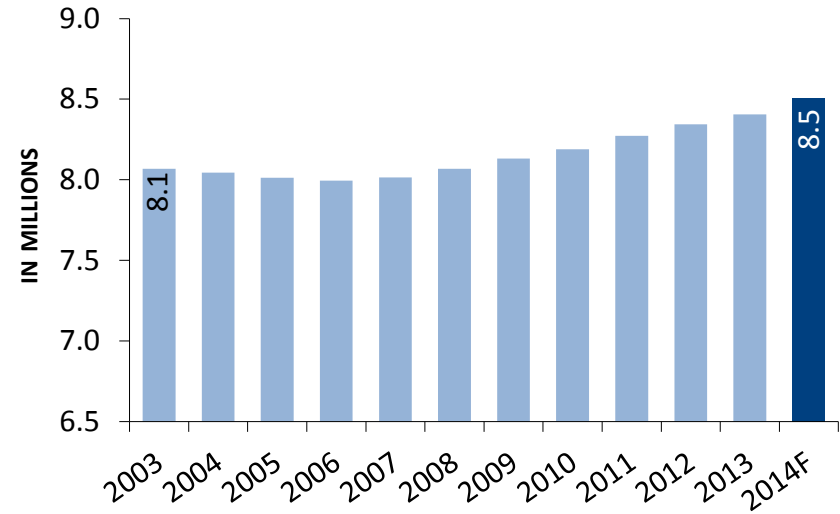
<sup>4</sup> Cushman & Wakefield: Aggregated from NYCGO, 2014 Forecast Annualized using y-o-y % change

# Positive New York Employment Trends

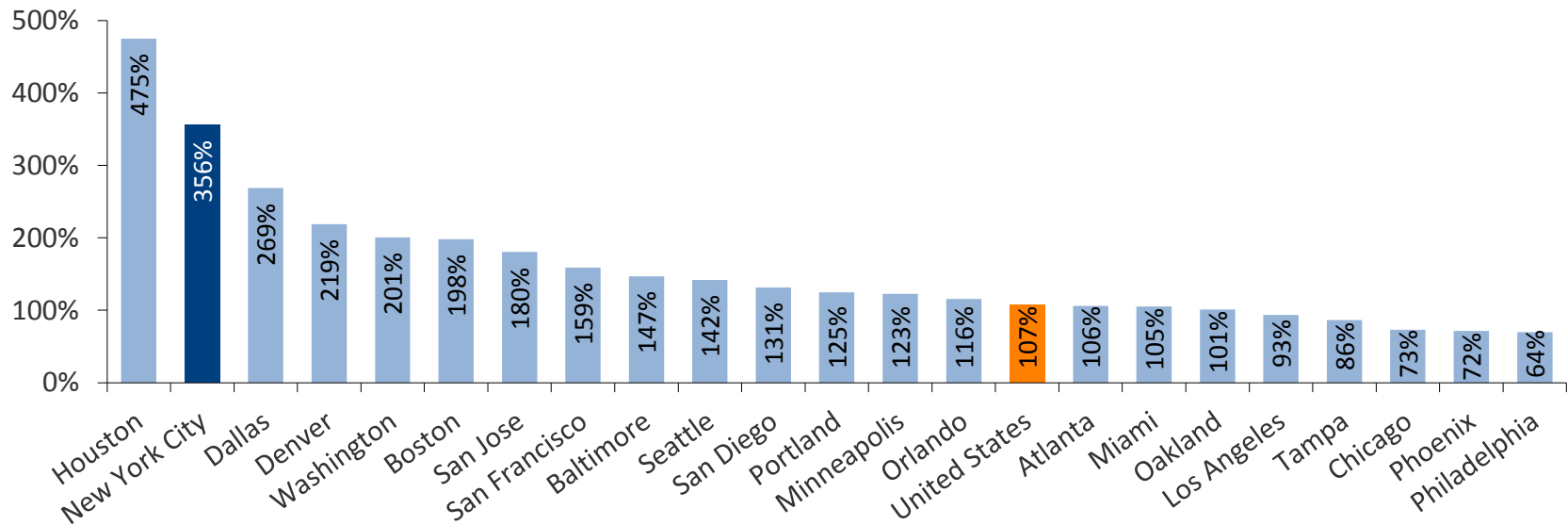
NYC OFFICE USING JOBS<sup>1</sup>



NYC POPULATION AT A RECORD HIGH<sup>2</sup>



JOBS RECOVERED SINCE TROUGH AS A PERCENTAGE OF JOBS LOST<sup>3</sup>



NEW YORK CITY MARKET

<sup>1</sup> Cushman & Wakefield: Aggregated from U.S. Bureau of Labor Statistics. 2014F Moody's Analytics


<sup>2</sup> Cushman & Wakefield: Aggregated from U.S. Census Bureau

<sup>3</sup> Cushman & Wakefield: Aggregated from U.S. Bureau of Labor Statistics (trough Feb. 2008 to Feb.2010)



# Broad Based Demand for Manhattan Properties

NEW YORK CITY MARKET

	TIME WARNER	450 PARK AVENUE	MOBIL BUILDING	222 BROADWAY	530 FIFTH AVENUE	PARK AVE. TOWER	685 FIFTH AVENUE	ST. REGIS RETAIL
								
								
BUYER	GIC	Oxford	David Werner	Deutsche Asset & Wealth	RXR, GGP & Thor	Blackstone	GGP & Thor	Vornado
SALES PRICE	\$1.3B (\$1,191 psf)	\$575M (\$1,736 psf)	\$900M <sup>1</sup> (\$525 psf)	\$500M (\$637 psf)	\$595M (\$1,100 psf)	\$770M (\$1,314 psf)	\$520M (\$3,332 psf)	\$700M (\$28,300 psf)
CAP RATE	4.2%	3.2%	3.8%	4.0%	2.5%	4.2%	3.3%	1.0%
NOTES	Closed	Contract Signed	99 Year Ground Lease	Recapitalization	Under Contract	Under Contract	Shopping Equity for \$540M	Under Contract

# NYC is a Relative Bargain

GLOBAL RENT PER SQUARE FOOT <sup>1</sup>		
Rank	Market	Rent psf
1	London (West End), UK	\$197
2	Hong Kong, China	\$130
3	Moscow, Russia	\$102
4	Republic of Singapore	\$96
5	Paris, France	\$95
6	Delhi, India	\$88
7	Tokyo, Japan	\$88
8	Sydney, Australia	\$77
9	New York (Midtown), USA	\$76
10	Beijing, China	\$74
11	New York (Midtown South), USA	\$64
12	Perth, Australia	\$64

BENCHMARK RENTS FOR PRIME OFFICE SPACE <sup>2</sup>		
Rank	Market	Class 'A' Office Sales psf
1	London, UK	\$1,933
2	Luanda, Angola	\$1,920
3	Hong Kong, China	\$1,567
4	Moscow, Russia	\$1,100
5	Beijing, China	\$1,040
6	Paris, France	\$1,006
7	Lagos, Nigeria	\$1,000
8	Shanghai, China	\$846
9	Tokyo, Japan	\$838
10	New York City, USA	\$821
11	Republic of Singapore	\$794
12	Sydney, Australia	\$779

<sup>1</sup> Cushman & Wakefield, Q2 2014

<sup>2</sup> JLL Capital Markets Group (face rents for prime CBD office space, excludes tenant incentives), Q2 2014

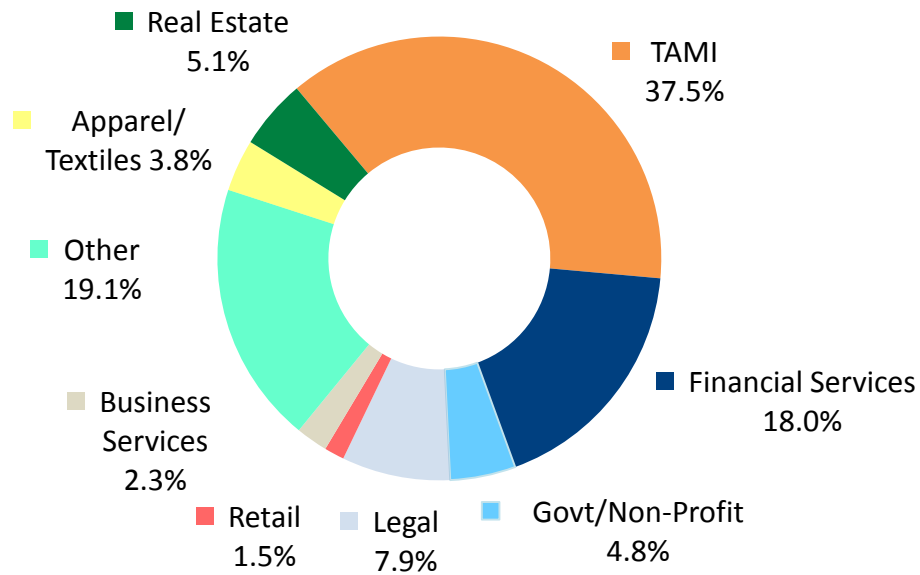


### III. Leasing Environment

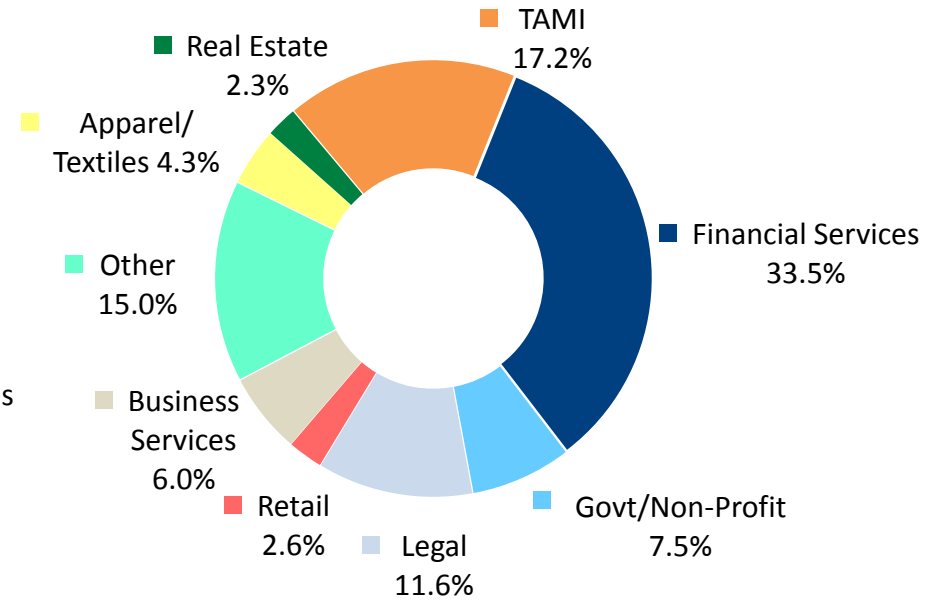


# Diversity is the Market Driver

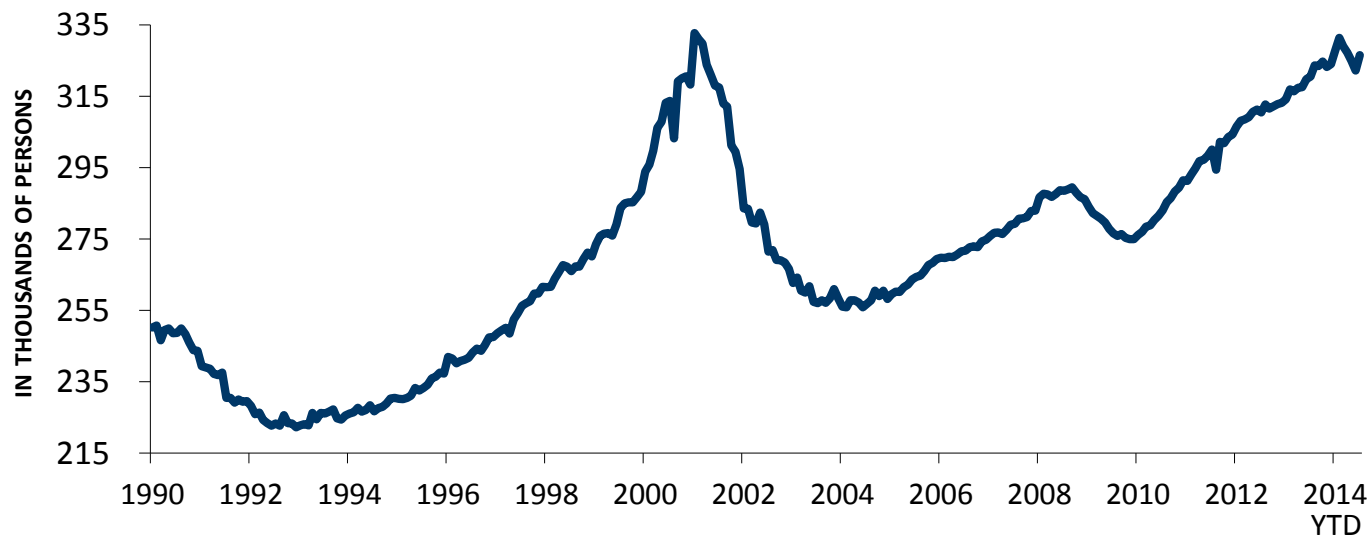
MANHATTAN LEASING<sup>1</sup>



MANHATTAN OCCUPANCY<sup>2</sup>



TAMI EMPLOYMENT IN NYC<sup>3</sup>



## LEASING ACTIVITY

- Broad spectrum of industry activity
- Positive market absorption
- Retail and TAMI offsetting financial services
- Non 'Big Bank' financial services active

<sup>1</sup> Cushman & Wakefield as of 06/30/2014 (data includes tenants occupying 5k sf and larger)

<sup>2</sup> Cushman & Wakefield Occupancy 2013

<sup>3</sup> Cushman & Wakefield: Aggregated from U.S. Bureau of Labor Statistics 7/31/2014

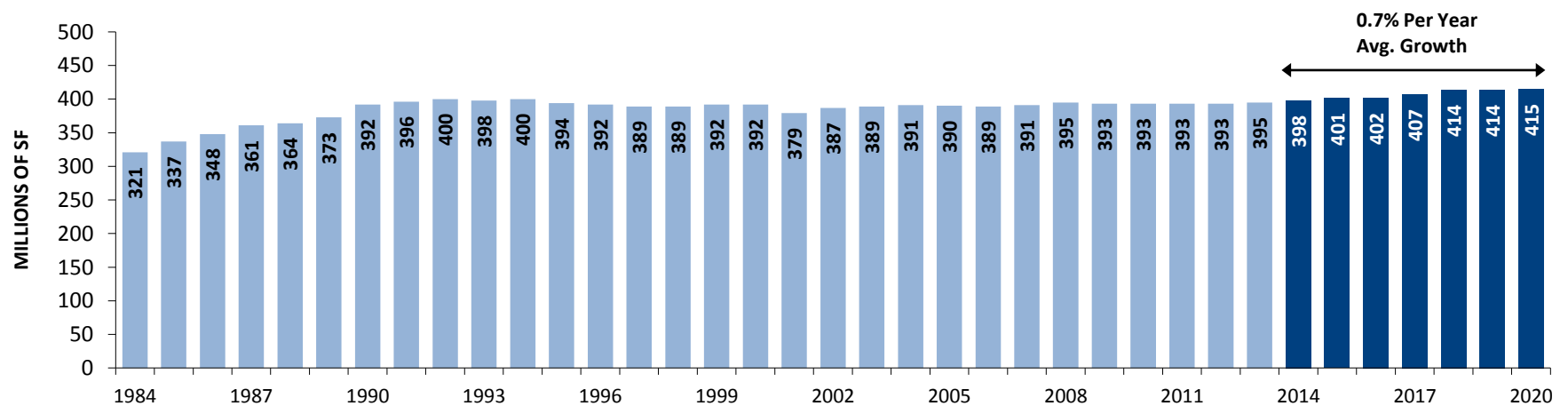


# Limited New Supply in Manhattan

FUTURE DEVELOPMENTS	SF IN MILLIONS
Proposed 7-Year Development	22.8
Speculative Development	(12.0)
Real Development	10.8
Pre-Leased	(3.5)
<b>Remaining</b>	<b>7.3</b>

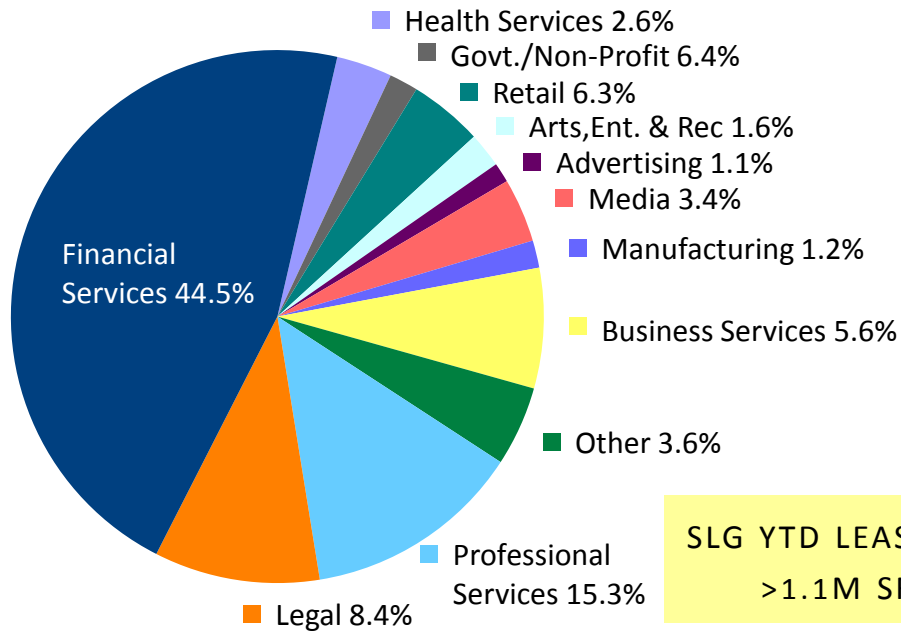
HISTORICAL CONVERSIONS	SF IN MILLIONS
Midtown / Midtown South Conversions from 2007 – 2014 YTD	8.6
Downtown Conversions from 2007 - 2014 YTD	9.7
<b>Total Conversions</b>	<b>18.3</b>

## MANHATTAN OFFICE INVENTORY

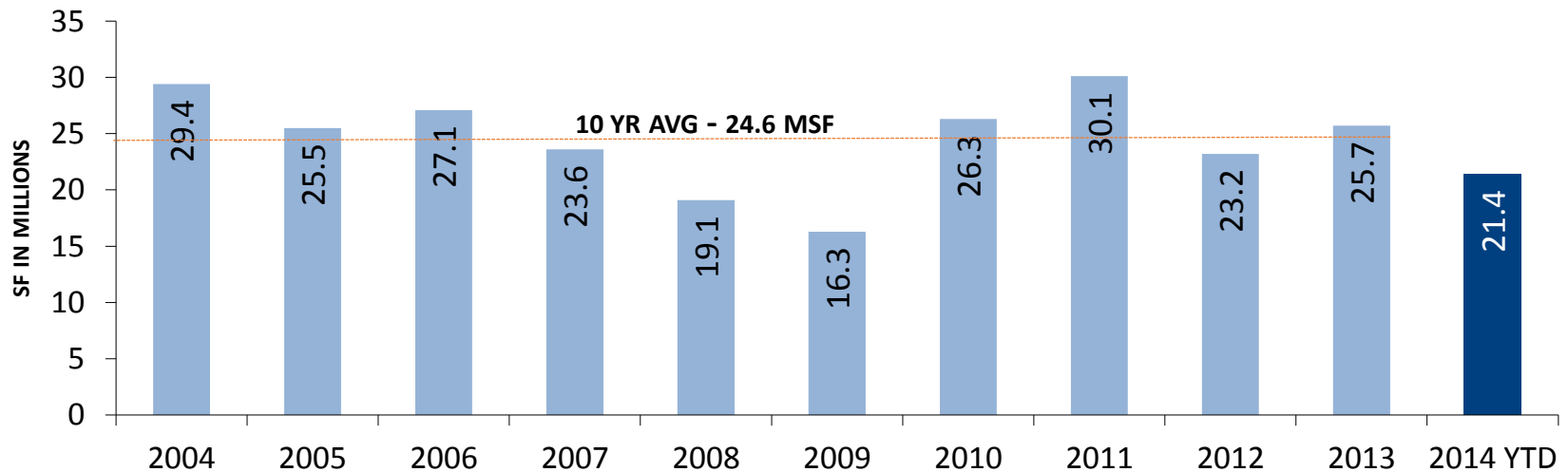


# Healthy Pace of Leasing

## SLG YEAR-TO-DATE LEASING – MANHATTAN (SIGNED)<sup>1</sup>



## MANHATTAN YEAR-TO-DATE NEW LEASING<sup>2</sup>



<sup>1</sup> Based on sf leased, as of 09/05/2014

<sup>2</sup> Cushman & Wakefield, as of 08/31/2014



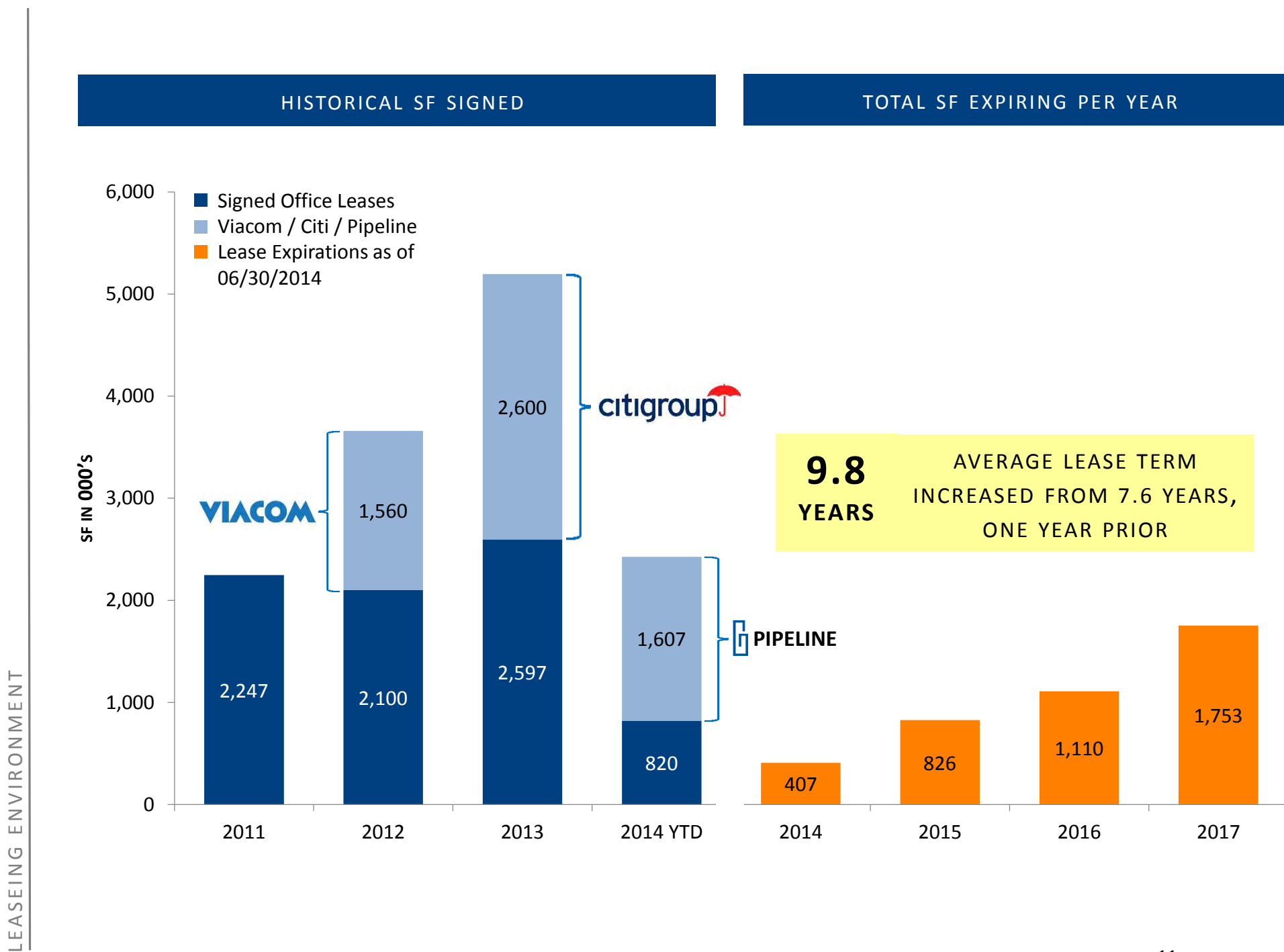
# SLG's Robust Leasing Velocity & Pipeline

MANHATTAN OFFICE LEASING		
<u>Year</u>	<u>Volume (sf)</u>	<u>Mark-to-Market</u>
2011	2.2M	7.3%
2012	3.7M	7.5%
2013	5.2M	9.5%
2014 YTD	>1.1M	>10.0%

MANHATTAN OFFICE LEASING PIPELINE <sup>1</sup>		
	<u>No. of Leases</u>	<u>Square Footage</u>
Leases Out For Signature (LOS)	6	88,421
Leases In Negotiation	29	692,464
<b>Total LOS and in Negotiation</b>	<b>35</b>	<b>780,885</b>
Term Sheets In Negotiation	24	826,296
<b>Total SL Green Pipeline</b>	<b>59</b>	<b>1,607,181</b>

<sup>1</sup> As of 7/24/2014

# SLG's Low Risk Manhattan Lease Expiration Schedule







## IV. Recent SLG Activity



# 180 Maiden Lane

## DISPOSITION HIGHLIGHTS

- 1.1 million square foot Class-A waterfront tower in Manhattan's Financial District
- Acquired in November 2011 for \$425.7M (\$391psf)
- Gross sales price of \$470.0M (\$431psf)
- Generates \$123.4M of cash proceeds
- Projected IRR of 16.2% since acquisition





# 55 West 46<sup>th</sup> Street – “Tower 46”

## ACQUISITION HIGHLIGHTS

- Condominium units on floors 22-34 comprising 319,000 square feet in a new Midtown Manhattan class-A property
- Gross purchase price of \$275.0M (\$861psf) and all-in basis significantly below replacement cost
- Designed by Skidmore Owings & Merrill, completed in 2013
- Highly efficient column free space and floor to ceiling windows on all office floors with sweeping views of the NYC Skyline in all directions
- On-site amenities include parking, fitness center, and bike storage
- Seller has the option to include 28,000 square feet of vacant office space on the second floor for an additional \$20.0M



# 2014 Acquisitions

115 SPRING STREET  
&  
121 GREENE STREET

- Well located SoHo retail condominiums
- Repositioning and repricing plan
- Spring Street: 5,218 sf at grade and basement
- Greene Street: 7,131 sf at grade



635 MADISON AVENUE

- Fee interest under 176,535 sf office tower
- Prestigious Plaza District location; Madison Ave. and 59th
- 37-year lease with FMV reset in 2030
- Strategic hedge with 625 Madison Ave. (SLG leasehold)



719 SEVENTH AVENUE

- Prime Times Square retail site on 48<sup>th</sup> Street and 7<sup>th</sup> Avenue
- Development rights up to 28,114 sf
- Substantial LED signage opportunity
- Off-market transaction utilizing OP Unit currency



# 2014 Dispositions

## 747 MADISON AVENUE

- Gross sales price of \$160.0M (\$23,859 psf)
- 33.3% interest in prime upper Madison Avenue retail co-op
- SLG maintains \$30.0M preferred equity investment
- 49.5% IRR since September 2011



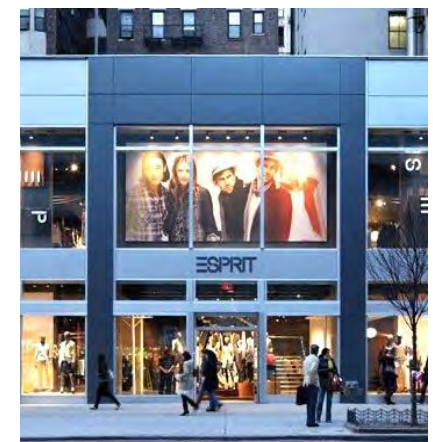
## WEST COAST PORTFOLIO

- Gross sales price of \$756.0M (\$100.0M for SLG equity)
- 43.74% interest in 3.7M sf Southern Californian office portfolio
- Purchased by Blackstone RE Partners VII
- Gain on sale of \$85.5M
- IRR of 11% since 2007



## 21 - 25 WEST 34TH STREET

- Gross sales price of \$114.9M
- 50% interest
- Gain on sale of \$20.9M





# 2014 Dispositions (Continued)

## 673 FIRST AVENUE

- Gross sales price of \$145.0M (4.7% cap rate)
- 442,794 sf office building (leasehold interest)
- Sold to largest tenant, NYU Hospitals Center



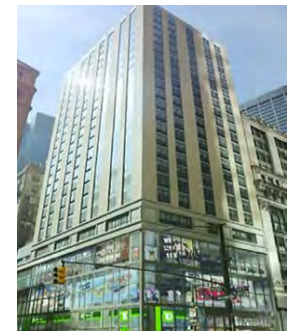
## 2 HERALD SQUARE

- Gross sales price of \$365.0M (3.3% cap rate)
- Leased fee interest under 365,000 sf commercial office building
- 17.5% IRR since 2007
- Generates \$138.0M of cash proceeds



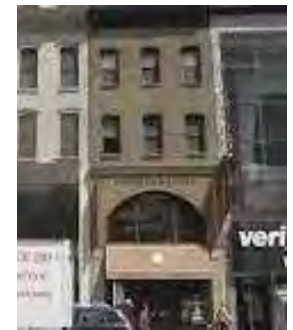
## 180 BROADWAY

- Gross sales price of \$222.6M (4.3% cap rate)
- 25.5% interest in college dormitory / retail asset (before promotes)
- 14.7% IRR since 2007 (26.5% IRR since JV formed in 2010)
- Generates \$38.1M of cash proceeds



## 985 THIRD AVENUE

- Gross sales price of \$100.0M (\$68.7M for SLG's share)
- Development properties located at 985-987 Third Ave.
- 85% IRR since 2012
- Generates \$63.0M of cash proceeds



# 388 – 390 Greenwich Street

## CITIGROUP LEASE

- Lease secures SLG's largest tenant
- Early renewal
- Prior LXD: December 2020
- New LXD: December 2035
- Full building triple net lease
- Minimum 22 years of term
- Retain tenant in the face of strong competition from new construction
- Lock-in value of SL Green's biggest asset

## CONSOLIDATION OF OWNERSHIP

- Acquired 49.4% ownership interest from JV partner
- 100% triple net leased to Citi through 2035
- Option for Citi to acquire properties for \$2.0B between 12/01/2017 to 12/31/2020
- SLG new ownership: 100%
- Gross purchase price: \$1.585B (\$602 psf)
- Going-in cap rate of 7.0% (stabilized cap rate of 6.4%)
- Financing to fund entirety of acquisition price
- 2014 FFO accretion: \$0.14 per share

## FINANCING

- New \$1.45B mortgage
- 4-year initial term with 3 x 1-year as-of-right extension options
- LIBOR + 1.75%



388 - 390 Greenwich Street





3 Columbus Circle



600 Lexington Avenue

V. Growth Portfolio 



1515 Broadway (Rendering)



# Significant Imbedded NOI Growth

GROWTH PORTFOLIO

		PROPERTY	YEAR OF ACQUISITION	NOI AT STABILIZATION	STABILIZED CASH-ON-COST
2012	✓	1515 Broadway	2011	\$35.2M	7.2%
	✓	100 Church Street	2010	\$25.3M	10.8%
2013	✓	33 Beekman Street	2012	\$ 3.5M	6.8%
	✓	Williamsburg Resi	2013	\$ 2.0M	6.9%
2014	✓	635/641 6th Avenue	2012	\$13.9M	6.2%
	✓	110 E 42nd Street	2011	\$ 5.5M	5.4%
		650 Fifth	2013	\$ 5.6M	13.7%
		1080 Amsterdam	2012	\$ 1.8M	9.3%
2015		1552/1560 Broadway	2011	\$13.0M	9.3%
		600 Lexington Avenue	2010	\$ 7.5M	6.0%
		280 Park Avenue	2011	\$39.8M	5.9%
		304 Park Avenue South	2012	\$ 9.4M	6.4%
		3 Columbus Circle	2011	\$18.9M	9.1%
2016		125 Park Avenue	2010	\$25.7M	6.8%
		131-137 Spring Street	2012	\$11.1M	7.5%
2017		DFR	2012	\$17.7M	5.9%
		10 East 53rd Street	2012	\$11.7M	5.9%
2018		The Olivia	2013	\$22.5M	5.5%

## YEARLY NOI CREATION

- Acquisition - 2013: \$68M (over acquisition NOI)
- 2014: \$37M (incremental)
- 2015 & after: \$51M (incremental)

## PORTFOLIO HIGHLIGHTS

- Total NOI: \$278M<sup>1</sup>
- Implied value: \$6B
- Total cost: \$4B
- Imp. cap rate: 4.75%

VALUE CREATED \$2B

<sup>1</sup> Total one year forward NOI from stabilized year. Data reflects SLG Share.

## VI. Street Retail



# Manhattan Retail Portfolio

- 56 retail properties
- 1.7 million square feet
- 13% of rental revenues
- Manhattan's most desirable retail destinations



## UPPER MADISON AVENUE

GIORGIO ARMANI  
*Oscar de la Renta*

## SOHO

**BURBERRY**  
**DIESEL**

## FIFTH AVENUE'S GOLD COAST

**PRADA**  
**DOLCE & GABBANA**

## TIMES SQUARE BOWTIE

**EXPRESS**  
**AÉROPOSTALE**



# NYC's Preeminent Landlord, In Most Lucrative Submarkets



FIFTH AVENUE GOLD COAST

TIMES SQUARE BOWTIE



SOHO

MADISON AVENUE

STREET RETAIL



# Upside in Mark to Market: 131-137 Spring Street

- Acquired in December 2012
- Immediate implementation of space repositioning and retail leasing plan
- Executed early renewal and expansion of Burberry SoHo flagship store
  - Recaptured 4,433 sf of second floor office space to achieve \$195 psf of retail rents vs. \$85 psf of office rents
  - Recaptured 290 sf of lobby space at \$1,000 psf
- Executed FMV renewal with Diesel



ADDRESS	TENANT	SQUARE FOOTAGE	LXD	IN-PLACE RENT	IN-PLACE RENT PSF	MARK-TO-MARKET RENT PSF	INCREMENTAL RENT
131-133 Spring Street <sup>1</sup>	Burberry	13,299	10/31/2016	\$1.2M	\$90	\$404	\$4.2M
135-137 Spring Street	Diesel	8,718	01/31/2015	\$1.3M	\$147	\$450	\$2.6M

<sup>1</sup> Reflects the recapture of second floor office space for flagship retail store

# Upside in Mark to Market: 719 Seventh Avenue

- Acquired in July 2014
- Vacate existing below market tenants
- Construct ground-up three story retail box with prominent signage visible from the Bowtie
- Price rent at a discount to the center of the Bowtie
- Create a single-tenant flagship asset



ADDRESS	TENANT	SQUARE FOOTAGE	LXD	IN-PLACE RENT	IN-PLACE RENT PSF	MARK-TO-MARKET RENT PSF	INCREMENTAL RENT
719 Seventh Avenue	Smiler's Deli / Lamar Advertising	6,000	01/31/2015	\$1.3M	\$217	\$1,000	\$4.7M



# Future Retail Value Creation



650 FIFTH AVENUE



FIFTH AVENUE ASSEMBLAGE



719 SEVENTH AVENUE



115 SPRING STREET



625 MADISON AVENUE





## VII. One Vanderbilt



# One Vanderbilt

ONE VANDERBILT

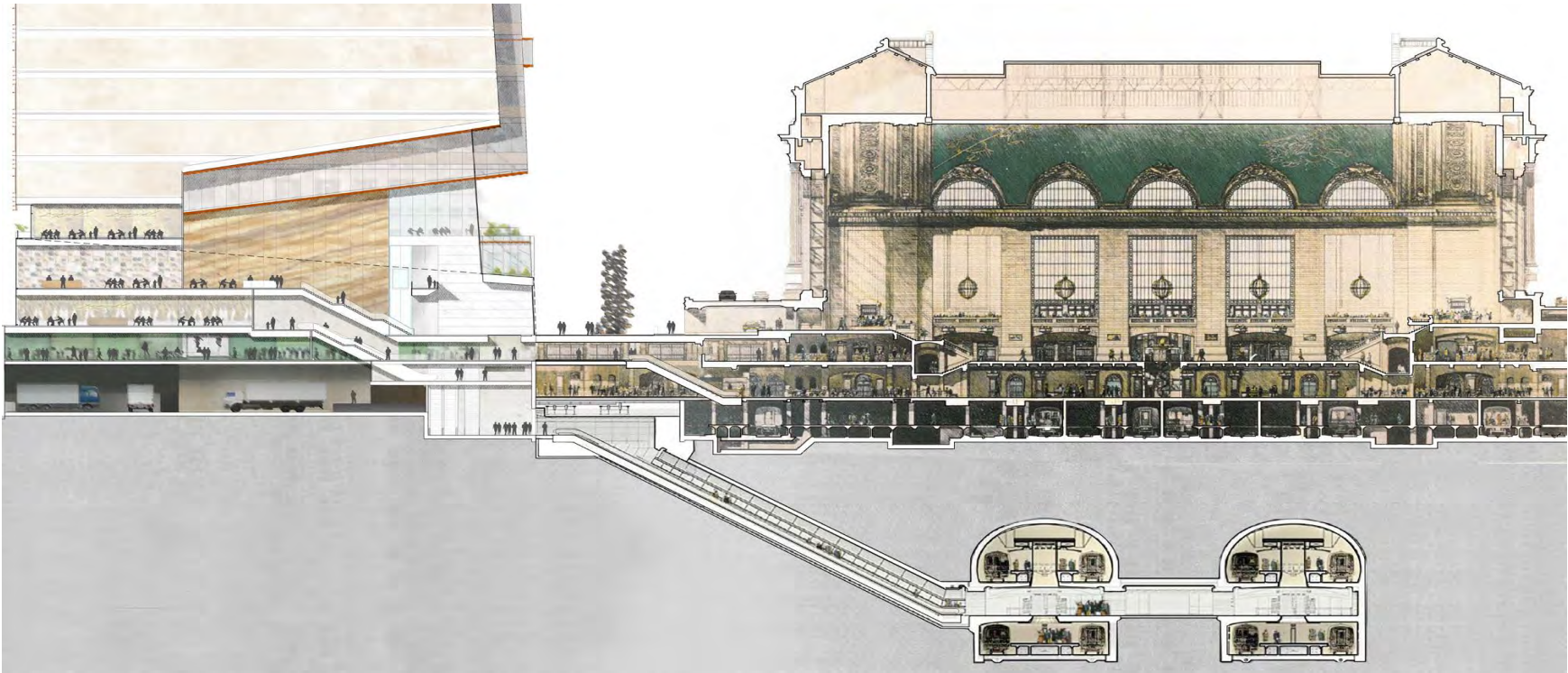
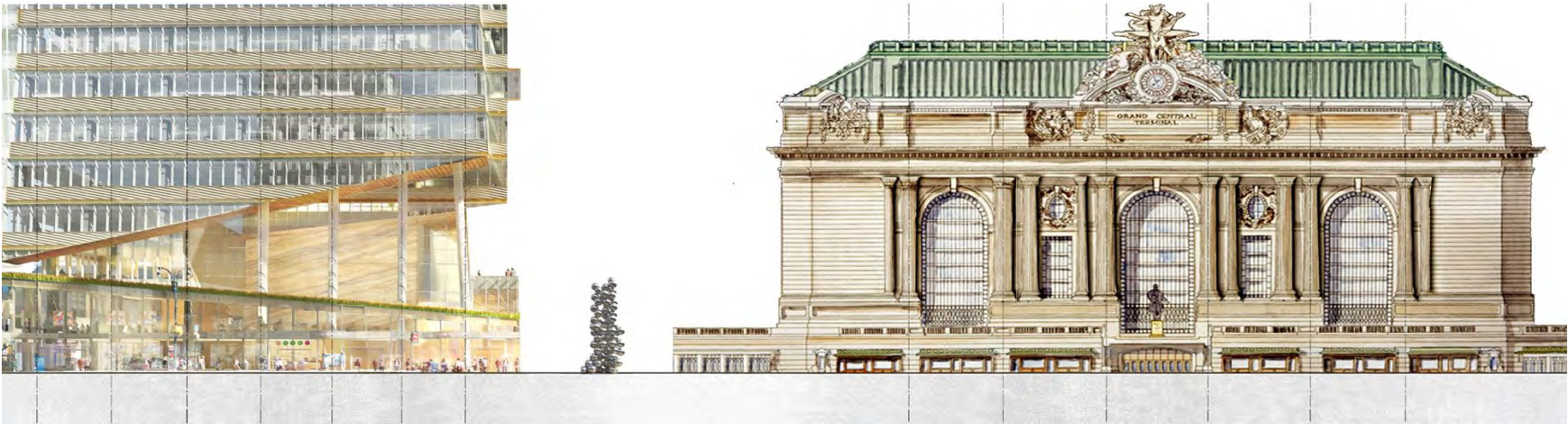


- Best located new development opportunity in NYC
- 1.6M rentable square foot office tower
- Fully integrated infrastructure with Grand Central Terminal
- Development embraced by administration and key committees
- Leasing discussions commenced
- Potential to be the 2nd tallest building in NYC





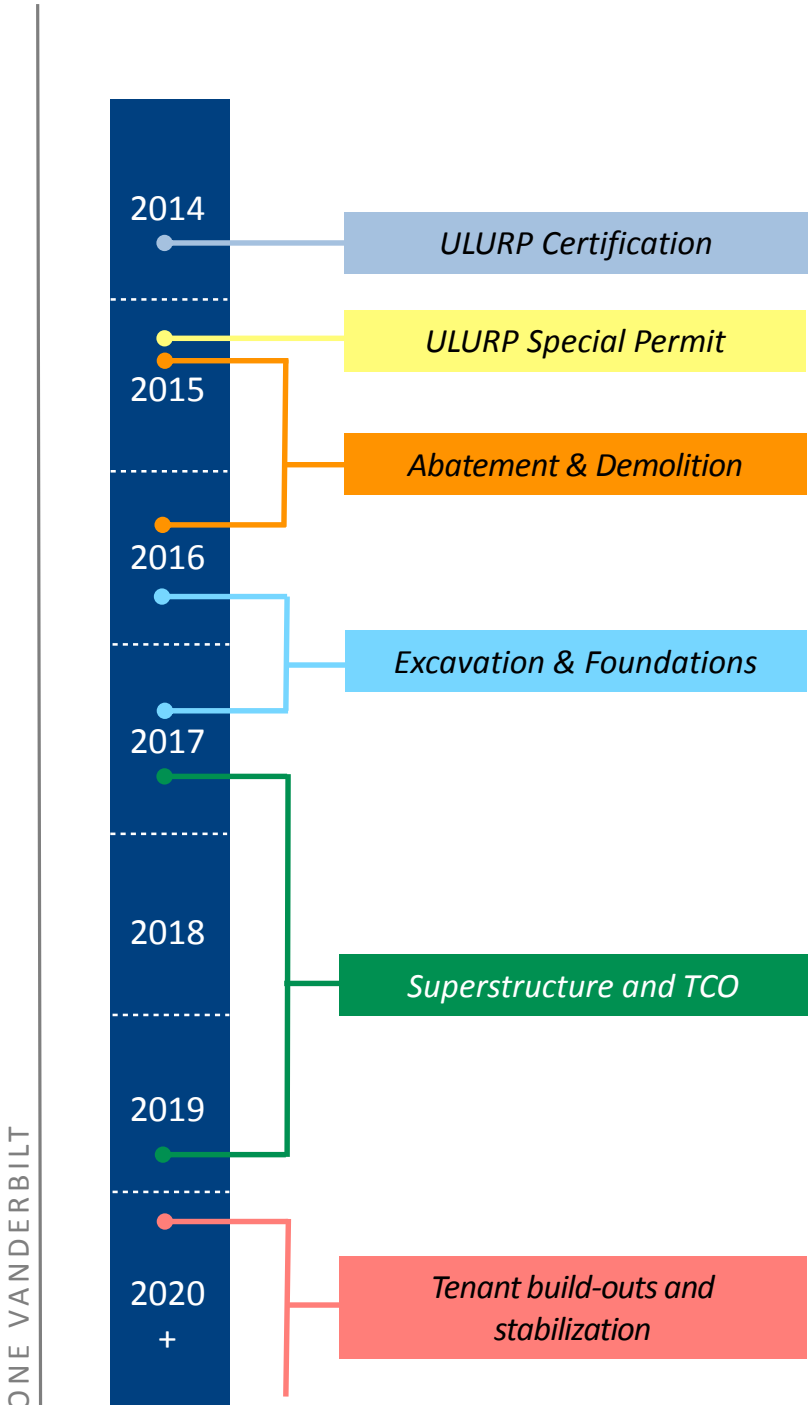
# One Vanderbilt Integration with Public Transportation



ONE VANDERBILT



# One Vanderbilt Potential Timeline



One Vanderbilt (rendering)



## VIII. Debt & Preferred Equity



1065 Avenue of the Americas



530 Fifth Avenue



550 Madison Avenue



1633 Broadway



# Debt & Preferred Equity Portfolio

- 35 investments totaling \$1.7B as of 2Q 2014
- Current Yield of 10.3%
- 21.1M sf of NYC property as collateral
- 10.5% of revenue
- Historical IRR of NYC debt investments ~15%





# Market Outlook

## SL GREEN'S ACTIVITY

- NYC's leading provider
- Relationship orientated platform driving pipeline
- Maintaining underwriting discipline
- Delivering above market yields
  - Active syndication enhancing returns

## MARKET FACTORS

- Increased competition
  - Commercial banks and Mortgage REITs on whole loan origination
  - Insurance companies and pension funds on mezzanine loans
- Market yields compressing
- Underwriting standards relaxing

# IX. Suburban Portfolio





# Suburban Portfolio Improving

## WESTCHESTER

- Unemployment reduced to 5.1%
- Healthcare, education and biotech driving leasing
- Repurposing of older office inventory to alternative uses (education, healthcare)

## STAMFORD

- Unemployment reduced to 5.8%
- Robust residential market growth, focus on apartments and condos
- Largest business sectors are healthcare and science / technology
- Uncertainty surrounding two major employers; RBS and UBS

## SL GREEN PERFORMANCE

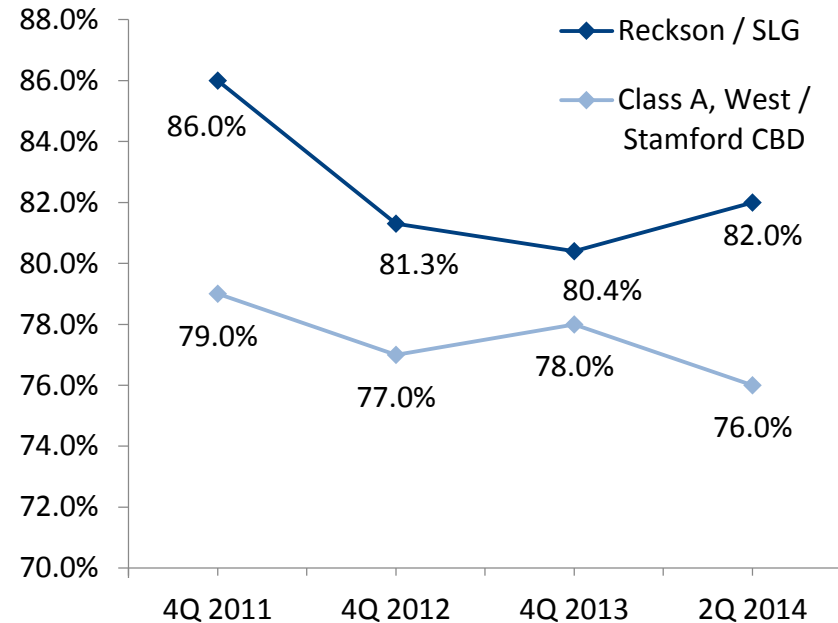
- Flat to positive mark-to-market
- No longer defensive
- Rising occupancy
- Still only moderate demand from large tenants

# Suburban Portfolio Improving (Continued)

## STRONG RECENT LEASING ACTIVITY

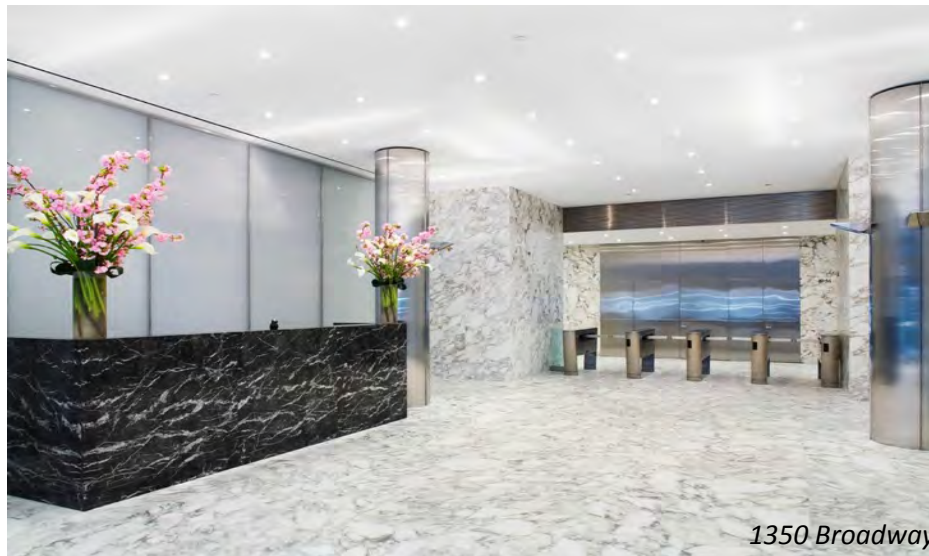
- 322,911 sf in 67 office leases during 1<sup>st</sup> half of 2014
- 192,175 sf representing new tenants
- Positive mark-to-market of 1.6% for 1<sup>st</sup> half of 2014
- Major leases
  - SONY (39,200 sf)
  - Berkely Insurance (18,768 sf)
  - Titan Advisors (16,315 sf)
  - TMR Management (11,500 sf)
- Strong leasing pipeline of more than 200,000 sf

## PERCENTAGE OCCUPANCY





# X. Financial Supplement

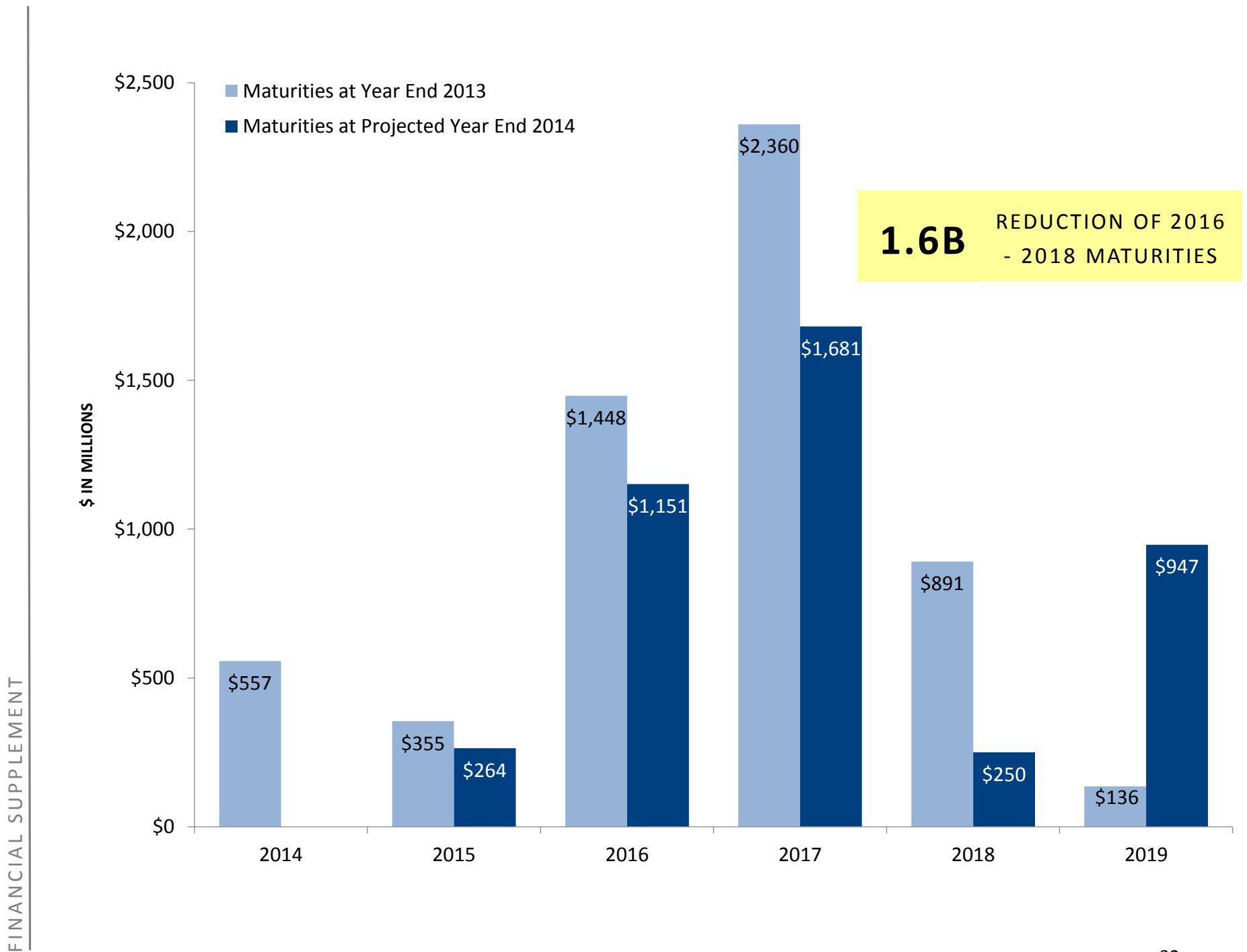


# Key SL Green Credit Drivers

<b>LOW RISK OPERATING STRATEGY</b>	<ul style="list-style-type: none"><li>• Long lease terms</li><li>• High quality tenants</li><li>• Maintenance of high occupancy</li><li>• Careful management of lease rollover</li></ul>
<b>FOCUS ON CORE MARKET &amp; SKILLS</b>	<ul style="list-style-type: none"><li>• Best-in-class operating and capital platforms</li><li>• Focused NYC activities mitigates investment risk</li></ul>
<b>RESULTS</b>	<ul style="list-style-type: none"><li>• Consistent NOI growth through cycles</li><li>• Investment returns that meet or exceed expectations</li><li>• Highest total shareholder returns in industry sector</li></ul>
<b>COMMITMENT TO INVESTMENT GRADE</b>	<ul style="list-style-type: none"><li>• Disciplined management of risk</li><li>• Strategic attention to balance sheet management</li></ul>

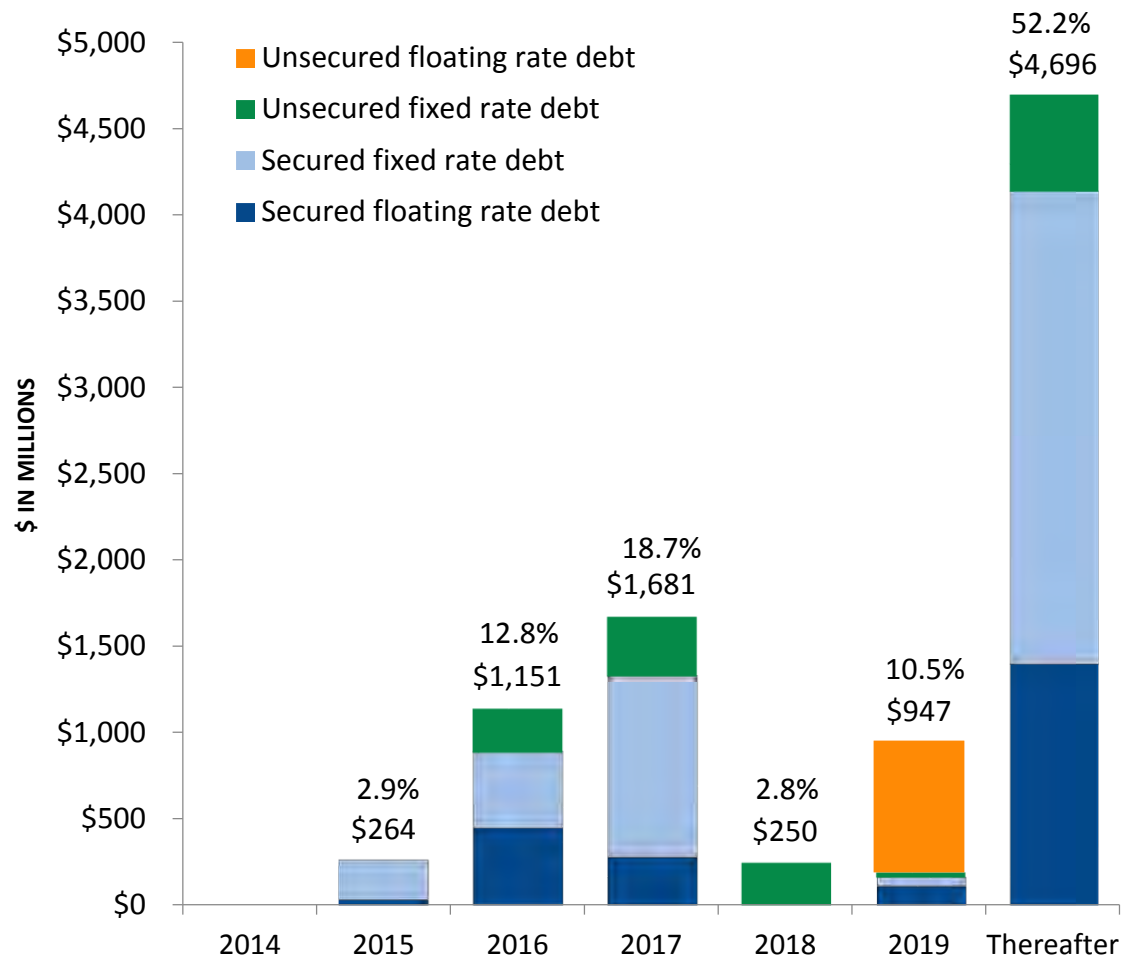


# Management of Debt Maturities

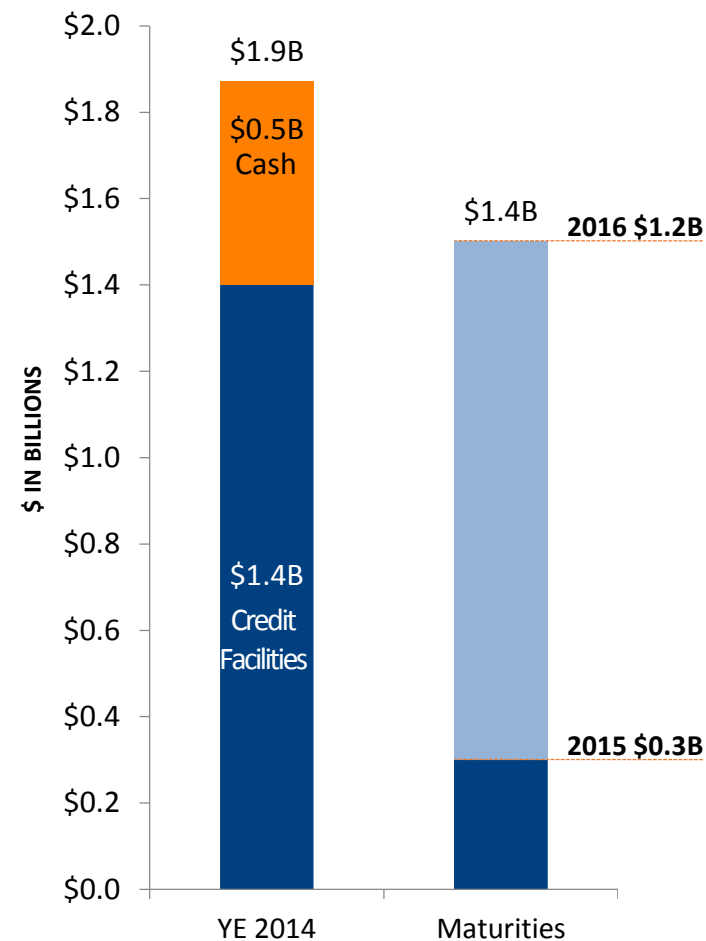


# Strong Coverage of Maturities

## DEBT MATURITY SCHEDULE



## LIQUIDITY COVERAGE

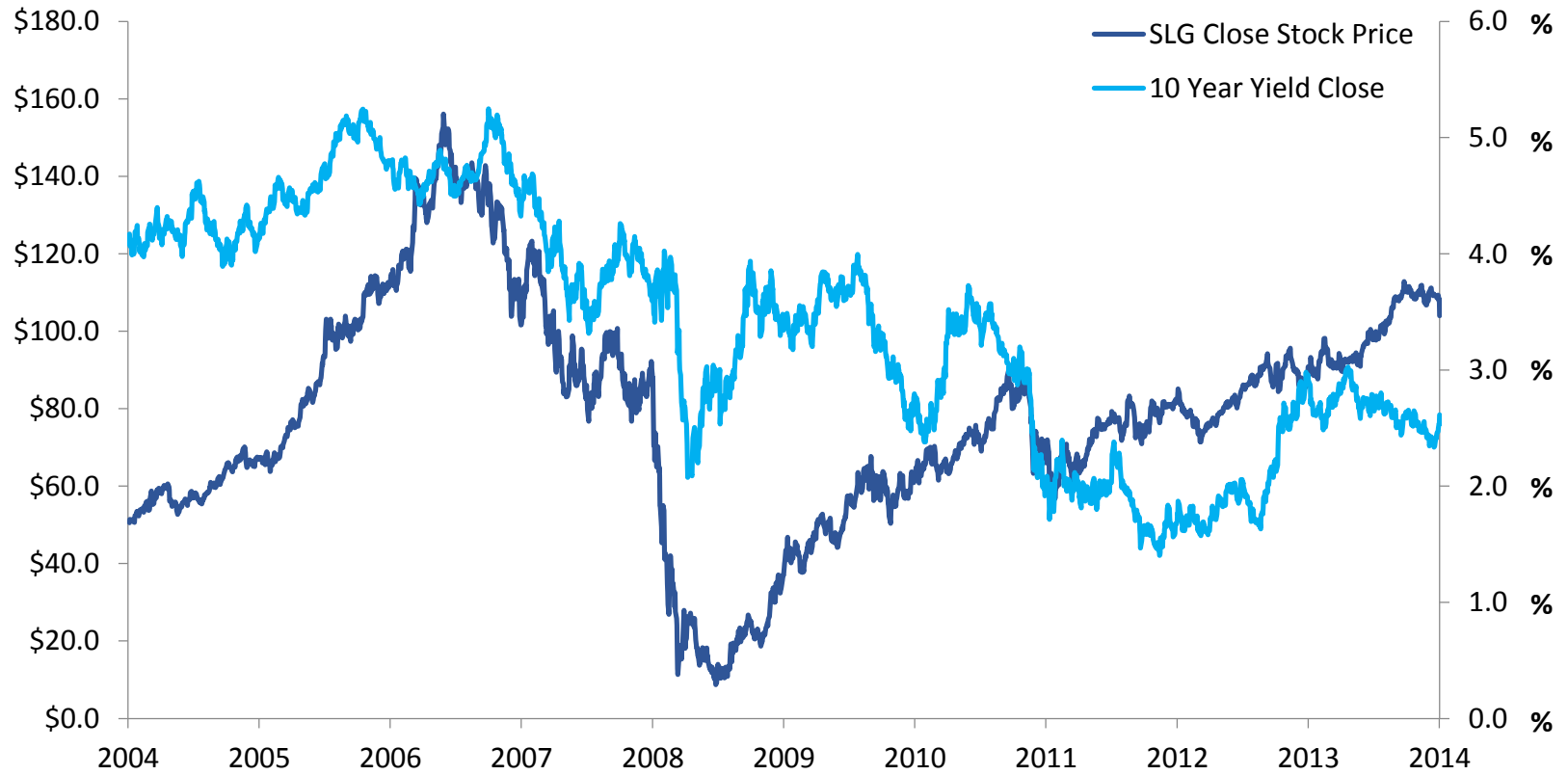


**1.3x** LIQUIDITY / 2015 & 2016 MATURITIES

Note: Pro forma year end 2014  
Maturities reflect exercise of as-of-right extension options where available



# SLG & 10 Year Treasury Yield





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