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EDITED TRANSCRIPT

SLG - SL Green Realty Corp Annual Institutional Investor Conference

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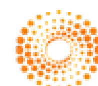

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PRESENTATION

Marc Holliday *- SL Green Realty Corp. - CEO*

Good morning, everyone, and thank you for joining us for our 2016 Investor Conference. I hope we set the right tone right at the outset for what I promise will be an informative and entertaining investor presentation today as they always are. We at SL Green take great pride in our accomplishments over our nearly 20 years as a public company. We have worked extremely hard over those years to create a best-in-class real estate company that is widely recognized as being among the leaders in our very close New York business community.

The journey to get to this point was arduous, but extremely satisfying, wherein time and time again we identified opportunities, leveraged our deep relationships and created value for shareholders through effective market repositioning, creative financial structuring and timely market calls.

Looking at SL Green today, we are confident that we have assembled not only the largest commercial holdings in New York City, but also the single best portfolio by any metric imaginable.

Driving this performance day in and day out is our highly talented team of 300 real estate professionals. There are none better in New York City. Our accomplished and diverse employees are insanely dedicated to the cause and share management's vision to continue to grow and expand upon our extraordinary successes. There is absolutely no complacency whatsoever within this Company. There is no resting on laurels, only a single-minded focus on figuring out ways to constantly reinvent ourselves and improve ourselves to achieve new levels of outperformance and accomplishments.

Our discerning approach to investing in assets with significant embedded growth and opportunities and the constant recycling of that portfolio enables us to assemble the highest quality property holdings in New York City while also generating market-leading shareholder returns. You can see here on our first slide the results of those efforts and that strategy and that single-minded focus. We have delivered over 900% return to investors since our IPO in 2017, obviously ranking all but near the top of our office sector peer group. Against the indices, it stacks up even better in terms of outperformance, looking not only at the REIT index, but where we are almost double the return, but looking at all other broad forms of equity performance since our IPO where we have doubled, tripled or quadrupled the returns of comparable indices.

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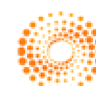

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And we have a strong belief in the idiom, if you build it, they will come, as we strive to build our earnings to record levels, and up here you see steadily increasing funds from operation from $1.70 share in our first year of being listed on the stock exchange to approximately $7 a share estimated for 2016, a rate of growth that is unsurpassed in our industry sector. And you can see when we first started our journey in 2017, we had $25 million of annualized FFO, $734 million of annualized FFO for 2017. So, that just gives you a sense of the magnitude of that change.

Looking at how the earnings has performed over time and how battle tested it is, you see here earnings growth same-store NOI, cash earnings growth, has been on average 4% a year. That's about 1 point to 1.5 points higher than our peers. For those of you it may sound like a lot, not a lot. 1% to 1.5% of additional performance is a lot, especially when compounded over 19 years. So that's what leads to that FFO growth. And in all but 2010 and 2011, it was above the line, and even in those years, it was only below the line by about 1%.

So, clearly this is an NOI that is not only intended to grow, but it is intended to remain highly resilient throughout economic times.

In addition, while we are driving that value and we're driving that earnings growth, we are very mindful of the balance sheet or liquidity position and other credit metrics. Matt is going to go into that in great detail later on today, but here you can start to get a flavor of just how secure this platform and this franchise is when looking at all the different ways we measure ourselves in terms of defensive position and positioning ourselves for opportunity in the future. Over 2.5 times fixed charge coverage, over $2 billion of liquid capacity for new opportunities. Nearly 10 years average lease term from credit tenancies within our portfolio. 97.5% leased, far and away the highest same-store average lease portfolio amongst our peer set. A debt to EBITDA of 6.7% resulting in a 35% loan to value and the value we're going to talk about later. This is based on analysts' NAV consensus, but at any metric, 35% is not even at the AAA level of 45% to 50% and well below the 60% to 70% that our private market peers lever their properties and whom we have to compete against. 13% floating-rate debt net of floating-rate assets means our liabilities are largely fixed away, and we have an average laddered debt maturity scheduled over five years.

So, what differentiates this platform further and what helps drive that success is that we are the ultimate example of the sharpshooter. As a matter of fact, looking at this map which contains just about every outset we own in terms of value for sure is within a three-quarter mile radius of where our headquarters sits. It is a pretty astounding metric.

So, with that, we have near-perfect market information. We have near-perfect access to our assets and to new opportunities, and we have near-perfect visibility into market trends because I don't think there is any other REIT or public company that can claim such a high degree of level of specialization.

Another way we differentiates this platform is through scale. Okay, there is 400 million square feet of real estate plus or minus in this market, and the top 15 owners own almost 46%, 47% of that inventory. It gives -- it provides for a safety net to the market because these are all -- if you can read the names up there -- well-capitalized and very long-standing ownership, prudent ownership, low leverage ownership who won't turn over assets in a bad market, who continue to provide leasing capital in a bad market, and in good markets, they really, like ourselves, drive for maximum growth in rents and value, and that does create a stabilizing factor. And within that group of esteemed owners, we are proud to be right at the top in terms of our footprint and our influence on this market.

The other point I want to make here in terms of how we differentiate ourselves, it is not just sharpshooting and it is not just scale, it is also how we approach investments or it is investment philosophy. Here, once again, I would say we are, if not one of one, one of a very small handful of investors that look across the entire spectrum of investing as an opportunity. We don't really play favorites, even though the vast 90% of our portfolio is oriented towards common equity ownership, long-term growth, but I would say every point along this spectrum is important for us in terms of maximizing risk-adjusted returns. Whether it be in the mortgage, B note, senior or junior mezzanine position, we're always looking for highest returns possible while cushioning our risk.

We will take a 12% mezz loan with 30% equity subordination all day long over buying a 9% yielding, leverage yielding, equity asset, because there is an arbitrage there, and we need to take advantage of that. And that arbitrage has really presented itself to us because the regulations on many of the financial institutions that used to provide this capital have choked off that supply such that players like ourselves, Blackstone and others have filled that niche, and it's not an easy niche to fill. It's because we have done this business in SL Green for 19 years and in different iterations between myself, Andrew Mathias, Dave Schonbraun and others for almost 25 plus years. So, we are expert at originating, syndicating, selling, structuring, managing and special servicing these assets, which on this spectrum have a weighted average cost of capital of roughly 6.25%, 6.3%.

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So, I would say that's roughly the hurdle rate, if you will, for quality New York City assets, although that benchmark may vary down to 5.5% for the highest quality trophy assets unlevered to maybe as high as 7%.

We are recyclers. Now here I can't claim we are one of one. There are lots of other companies that recycle their assets as well, but I don't know if anybody does it as aggressively and in the volume that we recycle our assets. We believe that in order to illuminate value for shareholders you got to demonstrate the fruits of all the labor that goes into the work we do to build and create value in our assets. So, we have sold 34 different buildings since 2005. That's 15 million square feet sold on top of the 26 million we currently own. That's our pro rata sales volume of $7.5 billion, but that sits on top of gross aggregate sales of $7 billion plus, generating gains of $2 billion just on this subset of assets, which I wouldn't call our core Fortress assets and generating unlevered IRRs of 15% unlevered.

So, obviously, leveraged returns there of 20s% and 30s%. Those are the kind of returns that would make any opportunistic investor yearn for those kinds of returns.

We manage risk, and we have talked to you about how we manage risk within the leasing portfolio, but you also have to manage risk in the asset portfolio, and we have done that quite cleverly through the efforts spearheaded by Andrew Falk, our Head of Risk Management, by establishing a captive insurer, Belmont in 2006, and it was formulated in response to wildly gyrating property, casualty and liability costs that you see we were experiencing in 2006, 2007, 2008, 2009. We needed to get control of those costs in a way that many people look at those costs as uncontrollable, but in establishing the captive we were able to under the auspices of a New York State license create eight customized lines of coverage, self-insurance that we then turn around and reinsure in the reinsurance markets, which insulates SLG from the extraordinary price volatility. You see our aggregate premiums have remained relatively constant since 2011. We pay 44% of those premiums to Belmont, and as a result, as the portfolio has expanded, we have driven down quite considerably our cost per square foot of coverage to nearly $0.40 per square foot.

We also run very lean, and this is something that we take great pride in being a company that is managed top down. Everybody is involved at the business levels, at the executive level, at the senior management level, middle management and all our employees. There is no regional heads. There is no committee heads. Everybody in this firm, all 300, have a specific task. They work hard at it. We overachieve relative to the per capita employed, and as result, in the highest wage market in the country, our G&A as a percent of revenues and as a percent of assets is below our peer group average, not even in the peer group for New York City, but the peer group across the whole country, 4.9% G&A as a percent of revenues, I would say 5% being sort of the -- 5% to 6% the national average, and under 0.5% G&A for assets, the norm generally being 0.75 to 1 point.

We have to remember our customers. With our shareholders, we talk about earnings and value and leasing and construction, and our tenants really don't care about any of that. Our tenants really care about service and excellence of building, and in that regard, we have elevated ourselves to standards of satisfaction achieved what we call 4s and 5s, the highest ratings for Kingsley out of a 5 scale point system, 1,000 tenants, 90% respond to these surveys. We do them basically every year, and you can see the results here anywhere from 90% to 94% satisfaction with SL Green's people and buildings. And incredibly, when asked the question in these surveys, two-thirds respond that they are likely to renew. In fact, our achievement is probably closer to 75%, but we actually get two-thirds on a disclosed basis to say they are likely to renew.

So, we're very happy. If there J.D. Power Awards, I guess, given to landlords, hopefully we would be up for one and maybe someday they will, but for now we just have to rely on these statistics to relate to you.

Our customers in the debt and preferred equity business are our borrowers, and there, again, I like to think we are the lender of choice. This ad ran in the Journal this morning. It is a tombstone ad that demonstrates our $2 billion of investments in 2016. Notably all of these are repeat borrowers. This is a repeat business. Our most strenuous competitors are our most active customers, and they keep coming back and back because there is a definite conclusion.

Not that we have the cheapest capital. You have seen our returns. It is not about cheap capital. It is about great service, certainty of close, professionalism, administration of an asset in a way borrowers can trust, and knowing that we are there for people throughout all parts of the market.

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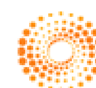

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Revitalizing a city. We are not -- we are redevelopers at heart. We have gone through decades of taking older buildings, 50 to 100 years, and here are images of how we have renovated, repositioned lobbies, building exteriors, rooftops, building facades in ways that are overall beneficial to this city, reinventing an older inventory to satisfy the needs of today's tenants.

We have also done it in a way by demonstrating leadership in sustainability, reducing our carbon footprint. We now have three people working full-time in our sustainability group. We're an active participant in Mayor de Blasio's 80/50 campaign to reduce greenhouse emissions by 80%. By 2050 we have received numerous awards, recognitions and designations for our efforts, which are market-leading in New York City in this area, not the least of which is Newsweek's recognition of being one of the greatest businesses in the United States. We were EPA Partner of the Year for the second or third year running, and we were voted Top 10 Most Sustainable REIT by HIP Investors.

We take that sustainability effort off-site, not only within our buildings, but in terms of how we are improving the public realm, and the greatest example of that is what we are doing at Grand Central Station to create transit-oriented development and interconnectivity into the mass transit system subways and Metro-North and improving pedestrian plaza circulation, allowing for a more enjoyable commute, a faster commute and a less congested commute.

To do that, we are investing $220 million into those infrastructure projects: Eastside access bringing Long Island Railroad to Grand Central Station, platform improvements, the S shuttle improvement, circulation, stairwells, column shrinkage, and new passageways, all being created in a way that will benefit all of Grand Central and all of East Midtown.

Everybody looks at this and says, yes, that is in connection with One Vanderbilt. It has nothing to do with One Vanderbilt. It has everything to do with taking the second busiest transportation network in New York City, investing private monies in what will be a blueprint for the future -- it was unprecedented today -- and benefiting all 13.5 million square feet of what we owned just in the Grand Central Station area. You should amortize it, that entire investment, and that's how we look at it, even though the cost, the home for the cost lies within the One Vanderbilt budget.

And, finally, we will change our skyline. Here is an image of something to come later on in the presentation when we will be talking about One Vanderbilt, but it's obviously something that will be transformational in a way that most civics and architectural critics and city officials have come to embrace as a best-of-class design element for New York City.

So, now let's talk about supply and demand. New York is a dynamic market. It is no coincidence we chose to make it our sole market in which we do business. We do it because of the extraordinary level of investment in the market, attraction to foreign capital, the access that the city affords itself to among the most highest educated and intellectual talent base of employees in the surrounding MSA, and affords 24/7 vibrancy and life and amenities in sports teams and cultural affairs and education, everything New York City has to offer on top of being a great commercial market and arguably the best CBD market in the country.

A lot of our conversations with shareholders have centered around new construction. Everybody is focused on office construction on the West side, office construction of the West side. Get the question 100 times a year we go through it. But there is a lot going on in the city besides Hudson Yards. And to get a sense of what it entails, you could see project after project, massive transportation and infrastructure projects, not that are on the planning board, but are actually being done. A seven-line extension for $2.4 billion, Second Avenue subway line being completed at a cost of over $4 billion. East Side access in progress 2022 delivery, over $10 billion. New Hudson River tunnels being spoken about. You have got higher education projects like Columbia's transformation of Manhattanville north of 125th Street and an equally sized project where NYU is expanding within a very tight footprint in Greenwich Village. Again, these projects are creating jobs, improving quality of life and drawing people into the city.

You have hospitals being built, healthcare being the largest expanding market force in our city right now, New York Presbyterian, NYU Langone, Mount Sinai, many other project being built all over the city to service this growing population of 8.5 million New York City residents.

You have got museums, culture institutions, investing $0.5 billion. New Whitney Museum in the meatpacking district. It's absolutely fabulous if you haven't had an opportunity to see it. MoMA's expansion in Midtown, and obviously the 9/11 Memorial Museum, which is absolutely a staggering achievement of memorialization of the 9/11 event. And Parks and Recreation, there is not a lot of land for new parks, but New York City does the

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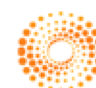

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best it can with what it has, and there is probably no better example of that than the High Line $2 billion project converting an elevator railway line to a best-of-class tourist feature, and outdoor experience, and we are proud to have both on our Board of Directors and with us today the former Board Chair of the High Line, who was responsible during the period of all the construction, Mr. John Alschuler. So, thank you, John.

And other initiatives like High Line, Brooklyn Bridge Park, absolutely spectacular new recreational area with food amenities and other entertainment options in the downtown Brooklyn area. Pier 57 on top of the pier; it's an outdoor area.

You have got, finally, biotech and research, an area, quite frankly, we are lacking in. If there is anywhere I think we got to do more, it's here. We don't want to give that mantle away to Cambridge or Silicon Valley or other places. It should be right here in New York City, and to Alexandria's credit on the East Side, they are built and building more of that research facility. And, obviously, we haven't spoken in the past about Roosevelt Island, what's going on at Cornell Technion, very exciting new developments.

So looking at the demand side of the equation, everybody here wants to know, where is the demand? Well, here it is. You have got 4.3 million people employed by New York City, obviously another record, as you can see from the bar graph, and over the last five years, New York City employment has increased by 0.5 million people. So that growth continues unabated. Those people need places to live, work, recreate, hence all the spending that you see.

But then we drill down to private sector employment because that gets more towards what we are looking at, and there we have had year-over-year increase from 2015 to 2016 of about 58,000 jobs and the city is forecasting another 41,000 private sector job growth from 2017 -- I am sorry from 2016 to 2017.

So, at the beginning of year, I said that I thought employment was going to decelerate, and it did. And guess what, it was a great year, but it did decelerate. About 100,000 jobs to, I guess, 58,000 jobs, and next year about 41,000 jobs. But two things. One, that's still a 1% growth in the total private sector employment base. That is staggering. That still should be market leading in the United States, except for maybe Dallas.

Second, those stats were established before the election, and with a sense and a feeling of some newfound optimism in New York City as it relates to job growth and what the implications are for business, taxes, regulations in the financial sector, I wouldn't be surprised to see the city taking a second look at those job growth stats and possibly re-inflating those for expectations in 2017. Certainly that's the vibe we are getting recently from our tenants.

And then, lastly, office using jobs where we have 11,000 new office jobs year over year and forecast again to 2017 at around 250 square feet per employee. That results in roughly 2.75 million square feet of positive net new absorption. So, again, follow the demand trends, I always say it.

The sectors contributing to that growth, primarily health, education in the private sector. In the business sector, clearly over the last five years the trend has been for office using total up since 2000 of 162,000 jobs: professional business services, information and financial. That all makes up the 162,000 jobs, which is over 30,000 new jobs a year over the last five years. An incredible track record of growth.

So, new supply, you heard me say in the third quarter -- and then I saw it flash up in a couple of articles afterwards -- it is a good thing. And I do believe that. And I still maintain that there is no better example of a healthy growing city than a city, which is growing its inventory, its asset base and adding new product to its supply base.

So, when you look back over time, with all the new inventory that has been delivered in Manhattan and since 1980, there has been 95 million square feet of new construction in this market. And yet we're sitting here at about 400 million square feet stagnant of office inventory. And guess what? It is not enough to accommodate the global demands of growing tenants who in some cases want new space. Not everyone does. I think Steve Durels is going to talk about the percentage that does and does not, but for that small group, that subset of tenants who have offices in Shanghai and Hong Kong and London and elsewhere, they want and need this new space.

So, new inventory, not a bad thing. I couldn't help myself but put on something from, I guess, 30 plus or minus years ago in my macro class. Supply and demand formula at a given supply and demand. We have got a quantity of square footage -- in this case, 400 million square feet -- and a rent,

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the average rent in New York City. And what we have right now is increasing supply, and everyone is aghast saying, oh, my God, this increase in supply is going to cause rents to tumble, and I guess all things equal you would have more space and a lower rent, too. So I guess all things equal possibly true, but all things are not equal, and we will get to that.

Looking at the supply-side math, I think a lot of this gets confused. It is over scrutinized in my opinion. Let's go through it. Maybe after today it will feel more of a positive than a negative. I hope so.

The total development pipeline listed here on the sides, obviously, you can add or delete a building, but this is what we consider to be the most talked about new supply pipeline coming into the market over the next five to 10 years. 24 million square feet net. We took these net, because if there is existing square footage in place, that gets knocked down to make way for new construction. You take the net increment and footage, not the total.

We deduct from the 24 million of pipeline that which is assumed to be delivered post 2021, so that's five years. Whatever we are saying is not going to be delivered in five years. Let's not worry about at the moment. That's a conversation for another day, and when we deduct the amount of pipeline over five years, then that's about 6.5 million feet. So still majority we expect optimistically to be delivered. We take 6.5 million square feet out for that, and you have to recognize that there is at least 1 million square feet a year -- it is probably much more -- but at least 1 million square feet a year that comes out of inventory for conversions, for demolition, for obsolescence. Sometimes it is millions, 2 million, 3 million square feet a year.

But assuming conservatively over the five years, 4.5 million square feet come out in total, that's under 1 million square feet a year. You get to a net projected increase of 13.5 million feet. Take out 5.5 million square feet, which has been preleased or presold. You have heard about those deals. Gets you down to 8 million square feet. But then you got to add in the new vacancies resulting from the things that have moved out, and that's about 4.9 million square feet. Well, why have they moved out of 4.9 million and into 5.5 million square feet, well, that's because they're expanding, so that's good. Out of 4.9 million square feet and it is 5.5 million square feet, gets you down to a vacancy impact from new supply over the next five years of 12.9 million square feet. That's 2.6 million square feet per annum, and at 250 rentable square feet per employee, that's 10,400 jobs to get back to neutrality, and in a year that is lower than the last five, we're expecting this year, we are trending this year, and expecting next year, more growth in what it would take to get back to equilibrium.

So, when you look at that graph, we're going to have some modest increase, which is good going up from about 400 million to 411 million square feet. It is two-thirds of 1 point a year. I think that anything up to 1% a year would be healthy. This is only two-thirds of that number. So, you can almost argue, it is still underserved in terms of new addition. And what impact will happen is, as that supply curve moves out, so will that demand curve, and it is going to reestablish new square footage and to meet the demand in a rental level that will be at or above equilibrium depending on what that office growth looks like going forward.

So, looking at our portfolio moving from city to us, we have over 3 million square feet of leasing that we did this year that exceeds by a fair margin our annual average over the last five years, notwithstanding those last five years and included the Viacom, which is a city lease, so it was an extraordinary leasing year, over 3 million square feet of Manhattan office put to bed in 2016.

And when you break it down to renewals, 60 leases at a 27% mark to market. The balance we are filling vacancy, either filling recent vacancy within one year, 61 deals, or filling newly acquired structural vacancies, 38 deals. The total of the 160 lease transactions, 3 million feet as I mentioned earlier, had a 28% mark to market, and the average rent at that mark to market is only $72 a foot. It's still very low. You know, that's the beauty of the platform is we don't need $100, $125, $150 rents in order to drive FFO and same-store cash NOI. $72 a foot. It's midmarket. It's arguably below the midmarket in terms of rents for tenants.

Tenants look at these rents as highly affordable, and yet we drove 28% mark to market on $72 rents. But we have a pipeline because we're always looking forward. It's always about what's coming up. And the pipeline as we sit today, even though we just cleared out 3 million feet, is about 750,000 feet, broken down almost evenly between pending leases and new leases with a mark to market of 17% or greater in that pipeline, which we hope to convert by the first quarter of next year, and we'll be building new pipeline right after the new year.

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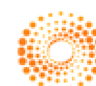

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So, when we were here a year ago, we started at this kind of five-year roll forward expiration schedule starting in 2017. This is what we showed you. But then, as a result of our efforts through 2016, we reduced the forward vacancy in 2016, 2017 and 2018 to what you see here today. Only 4.4% of the portfolio rolling in 2017 and only 3.3% rolling in 2018. You know, with 10-year lease average, I showed you that data earlier, we should have 10% rolling a year. That sort of makes sense. But because of our very proactive and active management of that rent roll, we've only got 7% rolling over the next two years, and if we clear out the pipeline then of 750,000 feet, we reduce it even further. 3.6 -- less than 750,000 square feet to deal with in 2017, less than 650,000 square feet to deal with in 2018. So what does that mean? It means Steve and his team are going to go to work hard on 2019 and 2020 while putting to bed 2017. I don't know of many other REITs -- office REITs who have that kind of enviable position as we sit here in 2016.

Opportunities going forward -- this is what we'll be looking at when we get to goals and objectives at the end of today's presentation. There is a lot. So, while there's not a lot of roll, there's a lot of opportunity both in the growth portfolio and in our same-store portfolio.

Look at the rentable square feet. 45 lots wholly-owned, 1185 wholly-owned and 10 East roughly half owned. 220 is wholly-owned. So there's -- I'm going to eyeball it. It looks like 750,000 square feet of opportunity we are going to be driving to create more earnings growth by addressing those vacancies and or lease-up opportunities in 2017 and early 2018.

So I'm going to end here on the growth portfolio. This year we achieved $28.7 million of extra revenues in the growth portfolio through those leasing efforts, and you can see the yellow line takes it anywhere from 0 to 100% to stabilization. Three of the properties have reached stabilization: 3 Columbus, 304 Park Ave. and 650 Fifth. Nike lease, Andrew Mathias will talk about. So let's collapse those. Get rid of those. What does it look like next year? Version 3 of the growth portfolio, which is obviously winnowing as we stabilize assets. Another $24 million of growth, almost equivalent to what we experienced last year, coming out of this smaller group of buildings with the balance of those earnings coming in 2017 and beyond. Another $24 million incremental just from these -- this grouping of properties.

So there's a lot of growth both in the leasing opportunities I showed you, this portfolio, other things we are going to talk to you about throughout the day. It's now, I believe, my great pleasure to introduce my colleague and partner, President of the Company, Andrew Mathias. Andrew and I have had the pleasure of working together for probably 15 or 16 years now. And after that period of time, you think you get to know somebody. I think I know Andrew just about as well as anybody, except maybe his wife Tina. But I didn't know just how fragile this guy was. I had no idea. I had no idea that outside of that tough, driving exterior there is a gentle soul who under extreme stress of physical activity tends to pop his Achilles a year ago at my house playing football when he went down with nobody around, him screaming, who stepped on me, to a call I got two or three weeks ago saying, I did it, again, thinking he meant to the same Achilles, only to find out on the squash court yes, playing with his 10- to 12-year-old kids he busted his other Achilles. So it shows you never really know a person fully. From the video archives of somebody who just went through surgery, I give you Andrew Mathias.

Andrew Mathias - *SL Green Realty Corp. - President*

(technical difficulty) The way deals were done moving away from the sealed bid auction model that dominates a blistering hot market where you can put a property out, set a bid date, take bids, and sort of pick a winner. Negotiated deals became much more en vogue this year. Deals took a little longer to close. The prices that they achieved were still record-setting and met sellers' expectations, often times even exceeded sellers' expectations, but deals took a little bit longer and buyers like to feel like they had more of an inside track or a negotiated deal as opposed to participating in an auction process.

Looking at sales volume for the year, as you see on the far right, the blue bar represents deals closed to date, the orange represents deals we expect to close between now and year-end, and then the green is deals in the pipeline. $35 billion almost of total volume for the year, so another very strong year of volume. But you see that recap and sort of longer-term closings of deals taking effect with these almost $16 billion of pipeline out there. That's a lot larger than we see in an ordinary year, and we expect to sort of trip over into the next year. So, it sets up 2017 well for volume, but explains some of the drop off in volume this year.

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Pricing continued to be very strong as I said, so velocity of transaction did not at all impact pricing of deals. We saw our fourth consecutive year with prices per foot achieved over $1000 a foot, over $1100 a foot in the case of 2016, and cap rates still hanging very strong around that 4% level. So, a healthy spread to treasuries. You see a 10-year charted in the green line on the bottom. But still a very healthy pricing market.

Getting back to that foreign capital theme, we saw a higher proportion this year of foreign capital involvement than in any prior year in our memory. Almost 50% of total deal volume we expect to be spoken for by foreign capital. So, really having a remarkable impact on the Manhattan market.

Looking more specifically at those deals, you see the flags above the buildings representing who is participating, who is making these deals. Just looking at this page, you have Norway, US, Hong Kong and Canada, Germany, another US deal. This is our $2 billion and over club. Represented on this page, there are two SL Green deals represented here. You look at the Allianz deal at 10 Hudson Yards. That's a good representation, as I said, of value being realized on the Hudson Yards. A very profitable development for related and their partnership. Allianz coming in and recapping that deal at a very healthy cap rate of 4.2%. So, validating the successful profitable new development in the city is an important trend.

Looking down a little further on the volume side, $1.4 billion and up. You see on this page the continuation of the foreign capital theme, and on the far right, you see the Olayan family's purchase of 550 Madison Avenue, which was one of the first times we've seen a building that was slated for high-end residential actually being -- the use reverting back to the original use of office.

So here, there, determining the higher and better use for this building is office rather than high-end resi and hotel. They paid a remarkable over $1600 a square foot for a vacant building that needs an enormous amount of capital on top of that basis to be converted for sort of the type of modern high-end office tenants they are going to be targeting.

And then, looking a little forward into some additional deal volume, you see the Chinese -- flood of Chinese money continues with the 7 Bryant Park deal. Bank of China purchased that building as their future headquarters. Shanghai Municipal's purchase of our fee interest at 85 Third Avenue and Angbang's purchase of the office condominium only at 717 Fifth Avenue. So continued foreign capital dominating the market.

Looking at transactions on the market, looking forward into 2017, and some of that pipeline I talked about. You can see some very major transactions that are out there. Large-scale buildings, both downtown and Midtown, and these buildings will sort of anchor the market activity, market velocity going into the first half of next year.

On SLG's side, we had a very active year on the disposition front. We closed up the three deals we told you about last December, all at very, very attractive cap rates. Our sale of the fee interest at Lipstick Building to Shanghai Municipal, our sale of the Pace dormitory we constructed downtown to an Israeli individual, and our sale of the residential portion of our condominium in Williamsburg to the Rattner family at a 2.9% cap rate, really highlighting the desirability of residential in prime locations. And then looking at sales closed during 2016 -- contracted and closed during 2016 -- we see our recapitalization of 11 Madison, which I'll go into in a little more detail on the next slide.

Citi, we accelerated their purchase of 388 Greenwich, and BlackRock's recapitalization of our residential property on 57th Street, which I'll talk more about in the residential section.

Taking a deeper dive into that sale of the interest in 11 Madison Avenue, we brought in Prudential who is a longtime partner of ours on 100 Park Avenue and also at Tower 46. Prudential came in for 40% of the deal at our basis. We got an attractive fee and promote package which will allow us to gain an outsized percentage of the building's profitability in the future and repatriated $1.9 billion to the Company's balance sheet.

All this was helped by the success our leasing group has had with the building where Steve has signed over 238,000 square feet of leases since the building's acquisition a little bit more than a year ago. So, a tremendous leasing success story there.

Looking forward to 2017, we see the continuation of the foreign capital theme from 2016. The meetings we are taking with groups that are anxious to get in the market are dominated by foreign groups. Maybe some new markets represented. We see Korea, Japan and Saudi Arabia as aggressive potential entrants to the market, kicking a lot of tires on deals, and the continuing positive effects of the changes in [FERC] that were enacted in 2016 really beginning to manifest themselves in 2017 with more activity from foreign pension funds.

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The political environment, what we are hearing from our tenants, what we are hearing from buyers and brokers in the market is the optimism for a little bit of inflation in the market, some more rental inflation, which will help cap rates and potentially push cap rates down a little bit, if it happens, and the expected deregulation and positive tax changes for the financial sector boosting demand from that space, which has been flat for several years, but looking for some reinvigoration from Washington in the coming year.

Switching to the retail portfolio, we really had a terrific year on the retail side of the business. The top trends that we saw in the market for retail this year, you know the continuation of sort of out with the old, in with the new that I think we told you about in years prior. For every store closing or tenant leaving the market, there was a new entrant to the market. There is a lot of new retailers in the market looking for Manhattan, both flagship locations and secondary and tertiary stores. A lot of demand with the continued strength of retail sales.

The recent opening of the global brand experience stores. So, if you look at Microsoft, SnapChat, Google, and others, they've had a lot of success in the very high profile openings of Manhattan global brand stores, and if you look on the coming soon on the slide here, you can see there are some other household names that are sort of teed up to open those types of stores in 2017. We've seen more tenants in the market as well looking for locations, high-profile locations for these types of stores. So we look to see that trend continue.

We see a lot of creativity with deal structures both in our own portfolio and in other landlords' portfolios. That's turning office space and second-floor space to retail space so retailers can average down there rents. That's increasing the frontage by repurposing space and in some cases being more creative and more generous with concession packages as well in certain submarkets of the city.

We also see the leasing velocity really picking up in some of these new retail markets we've been talking to you about for the last couple of years. Lower Manhattan, which will be anchored by our project -- retail dominated project of 187 Broadway and Midtown West with the lease-up of the Mall at Hudson Yards anchored by Neiman Marcus and the retail at the base of Manhattan West. So there's been a lot of velocity in those projects in those areas in the last year.

What's driving all this retail demand and retail activity? Another year of record New York City tourism. 60 million tourists projected for the year. More hotel room nights sold. And I think you've seen delivery and a little higher inventory for Manhattan hotel rooms that's led to a dip in the occupancy. But if you look at the actual room nights sold, which is a more important statistic from the retail perspective, that's trended up again this year. And all that has led to total retail sales, which, again, have increased this year $68 billion of total retail sales for Manhattan, strongest market in the country by far.

How do we take advantage of that? You look at our retail program, which has breadth unlike any other retail program. We had a lot of retail at the base of our office buildings, and then we have a lot of standalone retail in the most desirable high street locations in the city.

Overall, it's a 2 million square feet portfolio. We're looking for $82.5 million of incremental revenue from this portfolio over the next five years through lease up of vacancy and through mark to market. So looking for a lot of revenue production from this portfolio.

Now I'd like to look at a couple of case studies where we take a look at how that revenue is actually created and how it's going to fall to the bottom line. Last week we announced the perseverance -- or, as Nike would say it, the Will Power Knows No Obstacles deal at 650 Fifth Avenue. We signed a flagship lease with Nike that ended a sort of long saga of this deal, which started in 2013 with a presentation of our Argo spoof at this very investor conference. 2014, 2015, near misses with major retailers. We had two leases. Almost a signature form where tenants walked away from big store leases. 2016, you know, last year's investor conference we sort of announced we were going to pursue a smaller space strategy as another potential avenue to lease up this space, and through that small space strategy, I would say we are wound up able to really land the big kahuna we've been looking for all along. That deal did not come easy by any stretch. It involved buying out the two remaining retail tenants at the space, Godiva and Devon & Blakely. Adding additional floors to our master lease with the government. We added three additional office floors which are going to be converted to retail and rerouting the buildings egress which actually outlet on Fifth Avenue. Very unusual for a building on Fifth. We were able to figure out a way to reroute it, recapture that frontage on Fifth. We were allowed to deliver Nike 100 feet of prime Fifth Avenue retail.

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And looking at the results of the deal, it's a 15-year lease with one of the best credits in the business. The stabilized cash on cost on this investment will be 7.75%. So, very attractive stabilized cash on cost. Really highly successful deal. All-around we are thrilled to have Nike opening their Manhattan flagship at our space at 650 Fifth.

Second case study was an announcement this morning of the expansion of our lease with Nordstrom where we are converting the base of 3 Columbus, which used to be nondescript retail looking something like this into a flagship for Nordstrom that looks a lot more like this. We recently signed an expansion of that deal, which we announced this morning, that's going to allow Nordstrom to locate their men's flagship in 3 Columbus, that sits across the street recall from their women's flagship store going up at the base of a XL condominium tower that's being constructed across the street. So this is another great example of the retail group's creativity and aggressiveness in getting a deal done. If you look back at the original underwriting when we bought 3 Columbus, there was a variety of vacant spaces as shown here on the screen with a $9.6 million expected potential rent from the space. Through a series of aggressive steps that Brett and his team architected, we were able to buy out Bank of America from the corner, buy out another coffee shop tenant, restructure our lease with JPMorgan Chase at another corner of the building and convert a large amount of second-floor office to retail space and deliver this large block to Nordstrom, the end result of which was $16.4 million of rent, a $6.8 million difference in incremental rent from our underwriters.

So this is a big success story for us to get Nordstrom and this tenant in this building long-term. It's really going to be a terrific amenity and profile for the building and all our office space upstairs, and the retail space here turned out to be very profitable.

Turning now to the residential portion of our business, another area where we had a great year with some successful recapitalization and operating results, looking at the Manhattan multifamily market. So this slide speaks to Manhattan South of 96th Street, which is sort of our core residential market. There's been a lot made of the spike in housing starts that were caused by the expiration of the 421a program at the end of 2015. That was a big tax abatement program and really facilitated the construction of affordable housing units. That program unfortunately was let lapse due to a dispute between developers and construction unions. It may be coming back. It hasn't been finalized in a deal yet. And that expiration of that program, which was very well-publicized, led to a surge of starts at the end of 2015.

So that sort of computed in our trade area, Manhattan South of 96th Street, into a 72% increase from the five-year prior period of starts from new deliveries. However, if you look very different than prior periods, Manhattan, South of 96th Street only accounts for 37% of citywide starts.

So what does that mean? That means there were a lot of housing starts in non-core areas. In downtown Brooklyn and Long Island City and Harlem and other areas that are not sort of traditional markets where you see large deliveries of units, these were the areas where land was cheap enough to justify new construction. So that's where a lot of the new supply -- 63% of the new supply is coming out.

The good news for our portfolio is that the vacancy rate is only expected to reach 3.6%. So, a very comfortable level for our residential portfolio, and rents are expected to continue to grow, albeit not at the rate they were prior, but 2.7% annually even in the face of all of this new supply.

Through these dynamics, we've been able to achieve very significant NOI growth at our same-store portfolio. What you see on the screen print is the acquisition years when we bought these buildings. We've managed to grow NOI by almost 50% at these properties. A really remarkable achievement.

How did we do it? Aggressive unit renovation programs. Taking Olivia for example, this year we renovated -- since acquisition, we renovated 113 units. We are getting $7,500 per unit more per year in rent from those renovated units. That's an almost 13% return on cost on that investment to renovate those units and allows us to achieve some very significant mark to markets. The mark to market is 15% on renovated units in 2016 and 5.1% overall. So we are still achieving very strong mark-to-market numbers in our residential portfolio, even in the face of the supply and the well-publicized softening of the residential market.

Another success story this year was our conversion of our option for 20% of Sky, which we exercised early in the year, and you can see the results that the lease-up of Sky have well exceeded our expectations this year.

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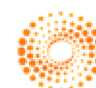

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The Millennium Group has leased 76% of the property to date at rents that exceed our initial underwriting by over 5%. How did they do it? You see the amenities on the side screen, you know, the resort-like amenities. For the very highest-end properties that offer sort of the very best amenities, they are significantly outcompeting the competing properties that don't offer the same level of amenities. So, we've had a lot of success with the Sky property. It promises to be a great investment for us.

And then looking at how the NOI has resulted in value creation on the capitalization side, we can look no further than our recapitalization of 400 East 57th Street where we recapitalized the building with BlackRock, achieved a 12% IRR on the capital that we invested on a stabilized residential deal. BlackRock's end price is a 2.9% cap rate, and again, we structured fees and promotes and we own an outsized portion of the building's upside it going forward. So this is an asset we think will continue to deliver strong mark to markets going into the future as we continue unit renovations and roll to market, but we've right-sized the deal's capitalization so that we can -- our capital can earn a higher return on equity going forward due to our fees and promotes.

Moving on to the debt and preferred equity program where the team really had a record year in terms of originations and continued our market dominance. They really took advantage this year of a CMBS market that was volatile that really presented some interesting and unique opportunities for us early in the year that spread volatility, gave borrowers a lot of doubt about CMBS's delivery and ability to execute, and that drove a lot of borrowers to balance sheet lenders and non-bank lenders to fill the void left by CMBS.

So, we eagerly stepped in. We think we got some great deals done when the CMBS market was in flux. It's much more normalized now, and we are still getting more than our fair share of business with our creativity in the way we structure deals.

Just looking at the big buildings that were financed this year, it's pretty much an even split for the big deals between CMBS and securitized financing -- I am sorry, CMBS and balance sheet financing. Unusual where in prior years CMBS would dominate large loans in Manhattan. This year, given that volatility, you saw a lot more balance sheet deals being closed.

So, for example, you see 1285 Sixth, which ordinarily would've been a large loan CMBS deal for sure, that deal will end up being a balance sheet deal. They were able to provide a fixed-rate alternative to RXR on that deal.

Again, looking at other big deals, same split between balance sheet and securitized. There was no new norm this year in terms of the large loans. Within SLG's own DPE program, we continue to be the lender of choice for subordinate capital in New York hands down. That manifested itself in the form of $1.8 billion of gross originations to repeat borrowers and really outcompeting the other entrants to the marketplace: life insurance companies, foreign capital, foreign lenders and other REITs. We managed to keep our origination volumes to a very healthy level. So, as you see on the chart here, the orange represents pro forma through end of year. We expect to end the year with $2.3 billion of gross originations.

Our syndication desk was very busy this year, given the level of origination volume and syndicated more than $1.1 billion of primarily first mortgages but also some senior mezzanine positions, as represented here. And all of this led to a record year for retained originations of $1.2 billion at a retained yield of 9.6%. So, giving up very little in the form of retained yield with all those originations due to the success of our syndication business.

Diving a little deeper into our 2016 originations. You can see that mezzanine loans again dominated the landscape of our business. Preferred equity in mortgages representing much smaller -- significantly smaller portions. Primarily floating rate about 75% floating rate serves as as a nice hedge against our floating rate liabilities on our balance sheet. 25% fixed rate and primarily refinancings, 37% acquisitions. I would say lower this year given those lower transaction volumes I showed you during the office portion.

Moving on to our fifth business line, last but not least, the suburban team did a terrific and Herculean job in the face of very difficult market conditions this year, putting up some very impressive accomplishments.

Looking at the highlights of those accomplishments, 90 leases totaling 600,000 square feet. A very strong pipeline going into 2017. Mark to market of almost 6% and 8% year-over-year NOI growth in the suburbs. So, some very impressive operating metrics. Signing major leases with big credit tenants: Heineken, Merrill Lynch, Citigroup, and others. We exported our successful pre-build program from Manhattan. Really introduced a broader pre-build program into the suburbs, and the team up there has had a lot of success leasing those units up with very little downtime.

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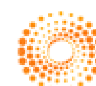

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Completing asset sales. We generated $82 million of sales, $71 million of net proceeds this year out of the suburban portfolio, and a refinancing of Landmark Square where we were able to generate some significant net proceeds as well.

What doesn't show in the year's highlights is really what a good job they've done with forward management of their rollover risk in years to come. So, if you look forward to 2017 and 2018, you can see just how well they've managed these exposures: 188,000 square feet rolling in 2017, 291,000 square feet rolling in 2018. So, it really frees up the team to look forward beyond that, start working on 2019 and 2020 expirations, continue to keep that portfolio cash flowing and in a very good place versus its peers. And really the most remarkable accomplishment of this team is captured in this slide I would say. We see suburban markets, particularly Stanford with RBS and UBS continuing to give up space. A struggling market vacancy of almost 30%, and you can see the trend for the team this year where they were actually able to increase occupancy significantly from 82.7% to 85.4%. So, a really Herculean job, keeping the buildings full, keeping the mark to market positive and outperforming their markets significantly. Terrific job by the suburban team.

And now I'd like to turn it back over to Mark to take you through a deeper dive on our net asset value. I look forward to seeing you live later on in the show. Thanks.

Marc Holliday - *SL Green Realty Corp. - CEO*

I just want to give a round of applause to Andrew who while not here with us on the at the front row is watching from the green screen somewhere in the back and will join us later today. So, good job, Andrew, and good as that was, I don't think you are going to get a free pass and get to film this in advance in future years. You'll have to come on out and do it live with us year after year because we miss having you here. But good job and thank you.

We're going to turn our attention now to one of our favorite topics: net asset value. Something that I know there's been a lot of questions about. More detail. We want more detail underlying the numbers, and I think short of going property by property and turning this into a two- or three-day event, hopefully we'll have done a good job at summarizing for you the business lines Andrew just went through, the value that we have embedded within the portfolio and how that relates to our stock price.

Quite frankly, despite our many successes, one significant frustration that we share with our investors is a stock price that does not reflect those accomplishments that we've just discussed and does not remotely correspond to the underlying value of our assets and completely undervalues the substantial additional growth embedded within the portfolio. So that's something that we want to go hard to work on again in 2017 and try to narrow that gap. We're going to start off here by building up the building blocks first on the middle and then to the sides.

First, we'll go with total enterprise value. Shares outstanding, 105 million shares plus or minus. The stock price as of Friday close, $107 a share. Total common equity of $11.2 billion market cap, plus preferred equity, plus total debt gives us a $20.4 billion enterprise value at market. No questions, next.

We go to the suburban asset value in no particular order. We had put a number of last year and people said, well, how do you get to that number? Well, here it is. We break it down four ways: Connecticut, Westchester, Long Island, Brooklyn. We have properties. 28 properties comprised within this portfolio. We have a value-add share that we derive of approximately $860 million at our share, which is $180 per square foot and correlates to cap rates for the suburban portfolio of between 7.25% and 7.75%. Obviously a lower cap rate in Brooklyn, albeit I think these cap rates are very conservative.

So, these are not -- this isn't where we value the assets. This is the implied value of the assets at these cap rates, at market, at market parameters we put into the cash flow to derive this $860 million of value. Do I think there could be more in the market? Yes. Do I think this is a reasonable place marker to put out for suburban valuation? $860 million at $150 to $200 a square foot? Yes.

So we move on, bring the suburban value to the side and take a look at debt and preferred equity. This is pretty easy to value. We value it at book. $1,956,000,000 projected through year-end. 64 different positions will be on the book by year-end with an average term remaining of about three

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years. It's fully extended. Weighted average yields for the senior loans between 6% and 7%, for the junior loans between 8% and 10.5%, and you can see how we compare that to market. Market rates for the senior stuff we put at around 5.5% and for the junior product between 8% and 8.5%.

So, while we believe our book carries some amount of premium in it, putting aside the value for the platform and the management team and all that we do just looking at the assets themselves, you can make an argument, premium to book, but we'll carry it over to the NAV slide at book [$1.956 billion].

High street retail. We take a subsection of our retail that we believe should be valued differently than, let's call it, ordinary commodity retail. You've heard us refer to it as high street retail. Here's the list of assets. Here is the markets that they are in, all the prime Gold Coast submarkets in New York City on Fifth and SoHo and Times Square and elsewhere that achieved rents between $1000 and $3000 or $4000 a foot. And you can see the anchor tenants that we have in those locations, the total square footage, the in-place rents, which Andrew showed you earlier, both the rents and the amount of extraordinary growth we have. I think he parametered it at somewhere around 62%, if I'm not mistaken or more. I forget.

So, the cap rate for these assets cannot be 4% to 5%. It would be inappropriate, not only because the rents are so dramatically discounted and the assets so highly sought-after, but a lot of that growth is near-term. We're going to achieve most of it within five years and a lot of it within three years. So we put a 3% cap on that product. Last year I think we had a 2.9% cap, but as we migrated assets along the spreads from our maturity, the 2.9% went to 3%. And, therefore, the value that we imply goes to $1.778 billion, and that's carrying a few of the smaller assets at book. Those assets include 102 Green, 187 Broadway at book value because those properties are really being held for developments. So cap is an appropriate measure, and 650 Fifth, very complicated deal. Andrew just took you through. We've created a lot of value with our partner Jeff Sutton as a result of that Nike lease. But, for this, rather than go through a very complicated valuation, we put it in at book and will include it in the NAV as and when the work is done. The tenants in, the rent is kicked in, and then you'll see it fully reflected for now conservatively at book. So they would bring that onto the slide at $1.778 billion, $1.8 billion. We go to residential.

The assets Andrew spoke to you about, 4780 units comprised in four -- one, two, three, four, five owned assets, and then interest in the Stonehenge portfolio. It's a very big portfolio. It's very well leased. We are deep in the money on I would say all or most if not all of these assets, and here we are using a conservative cap rate of 4% for largely market rate product. You can make an argument for sub-4% for sure, but we're going to use a 4% cap here on 2017 projected NOI and get to a total valuation of $932 million, which values a very small Eastside assemblage at book because, again, that's held for development. Cap rate is somewhat irrelevant, and that's what gets you to $932 million. We carried that over, and we go to sea and air rights.

Easier for us to sort of get to the bottom of this. We have three remaining fee interests. We've sold some. 635 Madison Avenue is the largest. 711 Third Avenue we have a half interest, and 562 Fifth we sold to Gary Barnett I think this year or last year. And if you take the total aggregate rent from these properties, we cap it at a cap rate of roughly 3.25%. Very conservative. I would argue that rate should be much more equivalent to a 10-year treasury rate, which I think we said is around 2.30%, 2.40%. Maybe treasuries plus a quarter, treasuries plus [50]. Certainly 3% or sub-3% for bond-like investment, AAA investment, fee interest in Manhattan. We put a 3.25% cap here. Unlike a treasury bond, certain of these assets do have FMV revaluations upwards, so they are not static rents. Increasing rents, yet we will use it 3.25%. Plus, air rights at One Madison. Very, very valuable air rights that can be for both residential and commercial that we own as of right and smaller amount of air rights to 21 West 34th Street that we value at a conservative $2.50 a foot. Gives you about $0.5 billion of total fee properties and air rights. Interest in that brings us to total development properties all carried at book. No mystery here. Take 10 East 53rd where we've created value but have not stabilized it yet and Tower 46, which is in lease up. Gowanus, a piece of land that we are likely going to take to a rezoning and Euler process down the road. 1640 Flatbush, a small piece of retail. We're going to develop that out in Brooklyn and 719 Seventh, which is very, very close to being leased, stabilized and delivered, all at book value. So no need to -- no mystery here, no questions here. We'll carry forward at $392 million at share.

So, above, you see that segment of business, pretty straightforward. It brings us down to One Vanderbilt. Last year we showed you a valuation of the Vanderbilt land at $576 million at market, and this year we put another $200 million work-in-process into the deal in terms of demolition, excavation in the beginning of foundation. So it's just dollar for dollar increase in work-in-process in One Vanderbilt, which takes the $576 million from last year to $776 million this year without any imputed value for cap rate value creation in the future. And other assets, cash give you total residual value in the Manhattan stabilized portfolio of about $12.9 billion or almost $13 billion.

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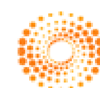

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It's straightforward to us. It's conservative. And yet even at $13 billion valuation, where you base it on our go forward cash NOI forecasted for 2017 of $748 million, that gives you a cap rate of 5.8% on a stabilized, straightforward, well-located fully renovated, fully leased Manhattan portfolio and a valuation of $650 per foot, which I think speaks for itself, and it will be spoken to and was certainly spoken to by Andrew as he showed you the comps at 1000 feet and more. There's nothing mysterious here. There's nothing really tricky here. There's nothing that I think is that challenging. It's simply the implied valuation at $107 a share, 5.8% cap, $6.50 a share at a share price of $107. And we look and say, well, what if that cap rate were 4.5%? Still pretty high by today's standards for a stabilized well-located Manhattan portfolio, but a good proxy, and we filled that in, and you would see at a 4.5% cap, you get to a price per foot, a more respectable $835 per square foot, and an implied share price of $142 per share implying a discount to value of 25%.

So, that is how we look at the NAV of the Company. And we know it's -- there's probably nothing more important in 2017 than trying to converge this underlying value with share price as it should be in fully functioning efficient capital markets.

Next, we're going to show peer group analysis. Where does our current valuation stand relative to our peers based on FFO? The divergence, as we've executed almost entirely our business plan for 2016, gotten the balance sheet in pristine order, divested what we wanted to divest at the beginning of the year and outperformed on the leasing front, yet the multiples divergence increased, not decreased. We are at a current FFO run rate of 15.3 times for current 2016 FFO, 15 times multiple, relative to a peer set that's somewhere between 20 and 25 times multiple on FFO for 2016. And when you look at Fed, the enormous differences are even more extreme where at kind of a low 22% times FAD peer group anywhere from 25% to 43% multiples FAD. Almost 2 times. Well, in some cases, more than 2 times. So that's where we stack up on a trading basis.

So to us, the opportunities are pretty obvious and straightforward. I want to switch gears now and talk about the future. Where are we going to drive future growth? How are we going to drive future earnings? And one of the major drivers of that growth is going to be One Vanderbilt, the single best development project in New York City. It's something that will be transformational for the city. It's a milestone event for SL Green, and I'm going to bring on stage shortly Steve Durels who is responsible for the marketing strategy and the leasing of One Vanderbilt. He's going to be joined by Joe Brancato, managing principal at Gensler, a renowned architectural firm that has been intimately involved with us on the One Vanderbilt project from the early days and a friend and colleague. So, thank you, Joe for being here today, and we're just going to talk about a lot of different elements of an asset that I think is also underappreciated in terms of what the impact will be for our Company as we roll this forward over the next three to four years of construction and lease up. It's been 15 years in the making. But, in October of this year, we were filled with great pride as we were joined by city elected officials, the business community, many in the media for our official groundbreaking of the One Vanderbilt project, which I'd just like to show you some highlights of.

(video playing)

Thank you, Marc. The groundbreaking was no doubt a great day, and before we get too deep into my discussion, let's start with a peek inside One Vanderbilt Avenue.

(video playing)

Steve Durels - *SL Green Realty Corp. - EVP, Director of Leasing and Real Property*

You've just seen a view into the future of the workplace at One Vanderbilt Avenue where office workers have unrestricted lines of sight across floors without columns, where 85% of all floor area receives natural daylight, where workers are healthier because there's more fresh air, and water and the air is thoroughly filtered, where they enjoy unmatched commuter convenience and one-of-a-kind building amenities, where their energy levels rise with soaring feeling, heights and spirits are lifted as we look out through oversized floor-to-sealing windows to never-ending views. One Vanderbilt is the fullest expression of what it means to be a cutting-edge development and will set a standard unrivaled by any other New York City building.

We've spent this past year creating a full suite of marketing material as you see listed on the side screens in developing a marketing strategy that surpasses anything previously done by us or any other commercial developer. Our collateral material includes a very cool website, which I encourage each of you to check out at onevanderbilt.com, an extensive social media campaign already producing 0.5 million digital impressions per month,

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and some very cool virtual-reality tools using computer game technology which provides an immersive experience never before used in marketing and office building. In fact, we set up a temporary theater at the rear of the auditorium and invite each of you to see it -- this great technology during today's intermission.

We've also begun to introduce the building to the brokerage community and prospective tenants, and I can say without reservation that everyone who has seen the building -- the building's design recognizes that it is something very special. My only obstacle has been that we are still four years away from completion of construction and, therefore, too early for most tenants to make a leasing commitment. We think the building will likely lease two, maybe three larger tenants of 150,000 to 250,000 square feet each, in addition to already signing the TB lease for 200,000 square feet. The balance of the building will be occupied by tenants leasing one to two floors of space, 20,000 to 60,000 square feet. Though the larger tenants typically won't enter the market earlier than 20 to 24 months in advance of their required occupancy, and the smaller tenants have timelines more like 12 to 18 months.

So, with a completion date of late 2000, I'm expecting to sign our larger tenant leases in 2018 with the balance of the lease-up taking place between 2019 to 2021, which I might add is an expectation that is actually quicker than what we've underwritten in our development budget. One Vanderbilt will come onto the market at a time when virtually no other new Midtown construction will be available, and the one clear takeaway from our tenant meetings to date is that New York City is starved for new construction. Larger tenants want newer or highly improved buildings, and New York City is burdened by one of the world's oldest stock of building inventory, averaging 62 years of age. Workplace trends are driving tenants to better quality of buildings as Joe Brancato will explain and help us understand how One Vanderbilt is designed to meet the tenant needs. The best New York City buildings always outperform the market, and as I'll show you shortly when Vanderbilt comes to market when there's almost 17 million square feet of scheduled lease expirations within the best buildings during our lease-up window.

At 62 years of average age, New York City buildings are way older than most of the other major US and international cities. It's startling to see that cities like Shanghai, Hong Kong and London have buildings with an average age that are 30, 40 or even 50 years younger.

Even with the recent burst of new construction in New York City, we've hardly made a dent in the supply of new generation buildings. If you combine all of the buildings built or rebuilt since 2000, plus the new construction scheduled to come online, it still only accounts for 10% of inventory.

Yet clearly there's a segment within the market of tenants that need new buildings. In fact, since 2000, 25% of all tenants relocating into 50,000 square feet or larger chose either a new or like-new building. And of the 50 largest relocations since 2010, almost 14 million of 18 million square feet relocated into newer generation buildings, or said otherwise, 74% of the largest tenant relocations were into newer buildings.

Now I'd like to welcome Joe Brancato from Gensler who is here to help us understand changes within the workplace that are driving tenant relocations. Gensler has been part of the One Vanderbilt design team from day one. They are the country's leading interior design firm and have been instrumental in ensuring that our design of One Vanderbilt is as operationally efficient from the inside as the KPS design is beautiful from the outside.

Additionally, Gensler is designing all of the tenant amenity spaces and is intimately involved with our presentation to prospective tenants. Joe is the lead New York City partner, and there is no more authoritative voice than his when it comes to understanding what tenants are looking for when searching for a new headquarters.

Joe Brancato - *Gensler - Regional Managing Principal*

Thanks, Steve, and thanks for inviting me to be able to share our thoughts on the future of work and its impact on office building design. But, first, let me mention a bit about Gensler. We are recognized as the top architecture and interior design firm in the world, located in 46 offices, and we've completed work in 123 countries. In New York, we've designed over 42 million square feet of office space, but even more importantly, globally over 200 million people experience our spaces and places every day around the world.

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We have significant market share in the corporate workplace sector, and our clients include nearly all the top 50 Fortune 500 companies. Eight of the Fortune magazine's 10 Best Companies to Work are also Gensler clients.

I intentionally committed to work on this project on One Vanderbilt from the start because SL Green committed to develop a high performance office building that intentionally focused on the needs of the knowledge worker. A building that not only was designed to be outstanding in its context, but one that's designed from the inside out. As architects, we've learned a lot about the knowledge worker and how they use space. And this experience, along with our research, impacts the way we design new office buildings, as well as the spaces within. So I want to share with you some of our thinking about the workplace trends and demonstrate how One Vanderbilt has benefited.

As a leader in workplace design, Gensler stayed one step ahead through our commitment to understanding how companies can reengineer the spaces to maximize efficiency while also optimizing the performance of their most valued asset, their people. Our workplace design is driven by over a decade of findings from our workplace surveys, which provide critical insight into how the workplace impacts overall employee experience. Our latest surveys indicate that two-thirds of the US workplace -- US workplace is disengaged from the work, and workplace stress is on the rise. It's kind of hard to believe two-thirds are not feeling that their workplace is performing for them. This, combined with the relevant physical environment, continue to challenge productivity and innovation. Our corporate clients are more aware of this fact now than ever before.

One Vanderbilt has leveraged our research findings and knowledge to design a building that is not only a talent magnet, but an exceptionally productive, high-performing placed to innovate.

Here are many of the buzzwords you've heard -- density, generational diversity, sustainability -- about the workplace, but we've gone a little bit deeper. The new words influencing workplace design are engagement, choice and wellness. We did a comparison of tenant-driven pre-2008 and post-2008. Here is a chart that indicates some of the differences in office building preferences.

In summary, there is a preference for larger floor plates. One Vanderbilt has a variety of floor plate sizes, but they are larger overall than pre-2008 building. Access to a variety of amenities in the building in close proximity to the building ceiling heights are critical. 8-foot to 9-foot high ceiling heights don't work anymore. Floor to ceiling glass is desired. Densities increase significantly, and it's not just about density but also utilization of every seat has increased, straining the building's infrastructure.

Traditional office buildings floor plates do not work for collaboration, which is an incredibly important work mode to promote innovation and design and team performance. Today's tenant wants large, column-free spaces with clear site lines. This floor plan type also enables planning flexibility for a variety of tenants.

One Vanderbilt is setting a new standard for workplace design. This building has been developed to be a tool for employees to perform at their highest level. I'll share a few workplace trends with perspectives illustrating responsive design solutions for One Vanderbilt.

People have begun to conceptualize their own spaces differently. They are not tethered to their desks as they have a variety of shared spaces to choose from that best suits their work at that moment of the day. Employees no longer feel that they need to own the office space their company gives them. Now office spaces are shared resources usable by anyone. This allows for a better utilization of space.

Think about the sharing economy concept that the millennials are still comfortable with. Uber. Airbnb. They are very comfortable moving around and sharing space.

So the result of increased space utilization is more robust infrastructure, mechanical systems, elevator systems, restrooms. One Vanderbilt is designed to accommodate this new reality.

Increased mobility. This is about the flexibility of a worker to be mobile within the office, as well as outside the office. Within the office, let the user customize their own work settings, choosing to sit or stand or work where and how they want. Mobility is really about establishing a secure networked environment of people, places, and tools that are not tied so intrinsically to physical space. Give people access to work anywhere, give them choice in the workplace, and the result is high performance and innovation.

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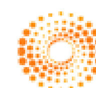

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Space as a connector of people. Traditional office buildings were containers of people. This office building is going to be a connector of people. This type of thinking is transformative. We must go beyond the square foot. It's about the cubic foot. Square foot is about efficiency and flexibility and that is important, but cubic foot is about the experience. Visual vertical connection and distributed amenities give people perspective on the depth of their organization. Improved circulation, bringing employees together who were once siphoned off from floor to floor causing more chance encounters, and given vertical stack the vibe of a horizontal Silicon Valley campus. Maybe SL Green can start charging on a cubic foot basis. You like that, right, Marc?

Access to daylight is one of the top requests of office workers. We benchmark older Class A office buildings in Midtown Manhattan, and you can see the significant difference in size of glass fenestration. Not only does One Vanderbilt have floor to ceiling glass, but the slab to slap height varies between 14 foot 6 inches and 20 feet. The older buildings in New York typically are between 12 foot 6 inches and 13 foot 6 inches. So there's a big difference. This will be a big differentiator.

Innovative trends in workplace design. One Vanderbilt also has incredible access to daylight on the lower podium floors. This is a view from -- this is a view from the fourth floor. We may have taken that one out. It's got incredible daylight because there is nothing that will be built south. We have Grand Central terminal there. But access to transportation and walkability are top priorities for millennials. One Vanderbilt has covered access to -- has outdoor space, whether it's terraces or ground-level plazas which are in high demand. One Vanderbilt has covered access to a number of subway lines, commuter rail to Grand Central. They have outdoor terraces and pedestrian plazas with Wi-Fi connectivity, and that provides additional choices for places people can work and collaborate. This is a real perk to future tenants. As you know, there is not very many outdoor plazas in New York City.

Our 2016 workplace survey was able to definitively prove that high-performance design drives innovation. We also discovered that top innovators have 2 times more access to amenities. The top amenities requested include restaurants, pubs, cafe, outdoor spaces and a gym. One Vanderbilt is providing a first class amenity package within the building, and tenants can access all the amenities offered at Grand Central.

There is fine dining on the second floor and unobstructed views from the sky bar. The third floor has a unique amenities package that is exclusive to all tenants. Our findings show that tenants dedicate on average 17% of their space to amenities. This shared 30,000 square feet floor -- the third floor -- provides tenants with the unique amenities that they do not have to build. They can share. 140-seat auditorium, 30-seat boardroom, executive travel showers, hotel style social spaces, including a coffee bar, juice bar, gourmet grab and go, and a 5,000-square-foot terrace. Let's starts the film. I want to share a brief 3-D walk-through of the third-floor amenity space. I encourage you to sense the feeling, the experience that tenants will have, which will be unlike any other building in New York and possibly the world.

(video playing)

Steve Durels - *SL Green Realty Corp. - EVP, Director of Leasing and Real Property*

Well, we've really only started to scratch the surface, tried to articulate what makes one Vanderbilt different from any other building. But I think you can start to really appreciate what those differences will entail and how it will impact tenants' lives.

So, of course, the question is, where will the tenants come from to occupy our building? And the good news is that between 2019 to 2023, the period during which we believe our tenants will likely have lease expirations, there are more than 740 leases expiring in Midtown covering 52 million square feet. But our sweet spot in the market is attracting high rent paying tenants from Midtown's top 50 buildings, buildings where triple digit rents are the norm, and of which 80% were built prior to 2000 and suffer from too low ceilings, too many columns, too little infrastructure and too few amenities.

Within those top 50 Midtown buildings, there is almost 17 million square feet of leases expiring between 2019 to 2023 and, surprisingly, a wide variety of business types ranging from finance to TAMI insurance and professional service businesses. To get a sense of market rents for high-quality Midtown buildings, take a look at a recent -- the recent leases signed in the Seagram's building where current rents range between $145 to $170 a square foot. But what's really interesting is to compare the floor elevations at Seagram's against One Vanderbilt, remembering that we have

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exaggerated ceiling heights, which means Seagram's at 11th floor is the same height as our eighth floor and their 33rd floor where rents are $171 a square foot is equal in height to One Vanderbilt's 26th floor. Also remember that One Vanderbilt has 55 floors of office space.

Another comparison is 425 Park Avenue, which is currently undergoing reconstruction. They signed a lease earlier this year to Citadel for over 200,000 square feet at rents ranging between $158 to $300 a square foot. The penthouse floor where Citadel paid $300 a square foot is equal in height to only the 37th floor at One Vanderbilt. Certainly I'm feeling our rents are, in fact, our competitive advantage when comparing One Vanderbilt against the other leading Midtown buildings.

Frequently, when we meet with prospective tenants, we offer to provide a test fit to help them better understand how much less space they would be required at One Vanderbilt to serve their needs versus the other options being considered. Because of our efficient design and column-free floor plates, tenants always end up needing less space at One Vanderbilt, which translates into significant occupancy savings. Here you see a typical test fit comparing One Vanderbilt against another well-known marquee Midtown building. Foreign office design using the same ratio of office and interior space we test fits to an 18% savings. That space savings really shows its value when calculating tenants' effective rents. We take an average starting rent of $155 a square foot and reduce it by 18% to reflect the typical tenants' smaller square footage requirements, resulting from that space efficiency savings, then the effective cost per employee is $127 a square foot. And remember, this is the rent in 2021 which certainly stands up well against the 2016 rents presently being achieved by Midtown's marquee buildings.

And, with that, I'd like to welcome up Ed Piccinich and two of the key members from his development team. Ed is leading an army of players taking One Vanderbilt from a design concept and turning it into reality. It's a Herculean task, and he has some of the industry's finest pros by his side.

Ed Piccinich - *SL Green Realty Corp. - EVP, Property Management and Construction*

Thank you, Steve. This year I have the pleasure of introducing two gentlemen at the front lines of a team that's constructing One Vanderbilt. I've prided myself over my years here with setting a high standard for my teams at SL Green: the construction, operations, IT and human resources group. I try to instill a culture of living and thriving on our successes. We don't rest on our laurels and never back away from a new challenge, both in defying the odds and quieting the naysayers.

The One Vanderbilt project over a decade in the making and the site you see today represents the beginning of Midtown's rebirth. So, it was -- it is with special excitement that I am pleased to introduce you to Harry Olsen of SL Green, our project executive for One Vanderbilt. Harry embodies the work ethic and professionalism that I referenced. Harry will walk you through the notable projects in his repertoire, and you will quickly realize why we selected him to help build One Vanderbilt out of dozens of candidates that were competing for this much coveted position. Harry is joined today by Jay Badame of Tishman who is our construction manager for the project. Jay runs one of the premier construction companies in New York City, if not the world, and we are confident they are second to none. They are pros in this industry, and we're so proud to have them on board.

So, without further ado, I would like to call up Harry Olsen and Jay Badame.

Harry Olsen - *SL Green Realty Corp. - VP, One Vanderbilt Development*

Thanks, Ed. Thanks for the kind remarks. I'm going to touch on five topics on construction management. I'm going to talk about the project organization, the leadership and the experience, a development timeline for the One Vanderbilt, as well as the public realm. I'm going to touch on the construction budget, the procurement status, cost controls and the protection. I'm going to talk about our 2016 accomplishments and our 2017 goals, and we're going to talk with Tishman as our construction manager.

First, a little bit about myself. I am Harry Olsen. I'm the project exec for managing the day-to-day activities at One Vanderbilt for SL Green. I am a licensed architect, and I have 30 years of experience in the New York City market with five years overseas, which we'll talk about in a minute.

Some of my notable projects are start back in 1984 with the World Financial Center where I was working on the American Express Tower. I then had the fortunate experience to go to Canary Wharf and work on the Canary Wharf project in London where I worked there from 1988 until 1993.

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When I came back to the New York City market, I was fortunate to work for JFK Terminal 4 where we were the first privatized international terminal in the United States. I then had the opportunity to be the project exec for the new Yankee Stadium from 2005 until 2009, and if any of the Yankee fans in the group know that in 2009, when we opened up, we won the World Series, which was pretty exciting.

So, a quick summary. No stranger to large scale complex, multibillion-dollar projects. I'm very comfortable. So, what I'd like to do is roll into our project organization. I have a little bit of a cliche of people, process, plus planning equals product. So, the first thing we do is set our objective, and the objective for SL Green is to put the best organization together to manage our design construction and our scheduled risk. SL Green, we have -- we provide the direction on a day to date to the Heinz organization, which we have brought on board as our development managers. Heinz has many buildings, a lot of experience in the New York marketplace: 7 Bryant, 383 Madison, 425 and I think 450 Lexington Avenue. So they are handling our day-to-day functions. We have Tishman who will be represented by Jay a little bit later on, and Tishman brings the day-to-day execution of the project to the table to deliver the projects on budget and schedule.

So, right now we are running 152 members between SL Green, Heinz, Tishman, the design team and a host of consultants, and we expect to grow that to 152 starting in 2017. Most of us are located in the field office, which is located on 420 Lexington Avenue.

What I'd like to do is just quickly run you through two slides here. The first one is the One Vanderbilt development timeline summary, and the first is we are driving to our building permit on April of 2017. While all that is taking place, we are completing the construction documents. We're going to talk a little bit about procurement, but at this point, we are still driving to finish all of the construction documents. Then we will be executing a GMP with Tishman in April of 2017.

So, a little bit about where we are on the construction. We have completed demolition as of August of this year, and we have started the excavation and foundations, which will be completed in August of 2017. And at the point, we look to be going vertical with the project, and we intend to hit our TCO or our Temporary Certificate of Occupancy substantial completion on September 29, 2020. Very specific date, right, Jay?

With reference to tenant handovers, we work arm in arm with Steve, and we make sure that we can deliver the floors when the tenants require them so they can do their respective fit out.

Next, as Marc talked a little bit about the public realm improvements and the $220 million that is the donation -- that's considered a donation. First is Package One. Package One is actually under construction right now. It's a mobile passageway and getting some of the early utility work started. Packages Two, Three, and Four encompass all of the transit improvements, and with that, we are out on the street right now. So we expect to award those packages in January, February of 2017 and start construction within a four- to six-month period thereafter.

We also have Vanderbilt Plaza, which is seen in some of the renderings, and we are about to pick a designer and start the design process, go through the public official approval process and review process, and then construction will be later on as we finish up the project.

I want to talk a little bit about the construction budget. Just this year, we continued our planning process through the design development, value engineering and the program refinement. We vetted and trued up the construction budget, including our contingency allocations as we've awarded and upped the trades.

Just to stay on the budget for a minute, on the contingency allocation analysis, we have approximately $232 million of contingency. We've allocated about 21%, and we have about 79% of unallocated to date. When you look at where we are when we talk about the procurement, we are very confident that the contingency allocation is consistent with the development process of a project of this magnitude.

So let's roll to, what have we been doing for the last year? We have really been working hard on pushing the design team to give us the design drawings for our procurement, and to date we have bought $530 million of a $955 million trade award, and the big packages are the excavation foundation, the exterior curtain wall, concrete, steel, fireproofing and a host of other miscellaneous trades. Right now we are in the process of evaluating $300 million of trades -- the elevators, mechanical, electrical and the plumbing -- and we expect to award them in January of 2017. That will leave us with a balance of about $105 million of trades to be bought as we roll into the new year. Most of them are trades we don't need right now. They are things like the lobby and some of the finishes, etc.

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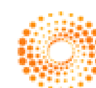

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When we hit January, that will allow us to put Tishman into a requested GMP, which we will be driving to in April. To date, of this $530 million bought, we have approximately $20 million in procurement savings, and as we go into GMP, we will reevaluate the procurement savings and see if we need it within the GMP, and whatever is unallocated will be rolled into the owner's contingency.

So what is the GMP? It's literally the transfer of risk from the owner at this point over to Tishman where we will have bought out 80% of our trades. We will have a construction schedule that's all tied together, and then we hand over the risk at that point to Tishman. There's levels of protection. We have a project labor agreement. We have the trades, have subguard payment performance bonds, and we have a Tishman parent company guarantee.

One of the things that we've done is we've aligned SLG and Heinz and Tishman together with procurement and schedule incentives, our milestone incentives. We have shared construction savings, and then how do we take care of this? Internally we have internal controls. We start with a budget chart of accounts and responsibilities, so we know every line item who is responsible for what expenditure. We have an authorization matrix. Never allow one person to control a budget of this magnitude. And then we focus very, very seriously on the project continuously and the exposure process.

So, in summary on the project cost and the risk control, the construction budget is holding up under the pressure of the development process. We've accomplished an extraordinary amount in one year.

Let's talk a little bit about our accomplishments. When you are asked to put a list together, it's kind of overwhelming. We don't want to go through all of the list, but what we will go through is just to highlight a few. The establishment of the project organization, the execution of the construction management agreement with Tishman as well as Heinz, completing the demo and the site improvement, starting excavation and foundations, awarding $530 million. It is kind of staggering. And interesting enough, closing the construction loan, which we'll talk about a little bit later.

As we roll into 2017, what's our goals? We want to award the rest of the MEP and the elevator trades. We will execute the GMP with Tishman. We will receive a building permit in April to allow us to start going vertical and mobilize the structural steel and concrete. And interesting enough, this time next year, the building will be -- the steel will be erected up to the sixth floor.

So, at this time, I would like to introduce Jay Badame, President and Chief Operating Officer of Tishman Construction, who will tell us a little bit about what Tishman's role is on the project.

Jay Badame - *Tishman Construction - President and COO*

Thank you Harry. My name is Jay Badame. I've been with Tishman since 1985. Our office is located at 100 Parke Avenue, so I just walked around the block. It is a beautiful SL Green building that we love, and hopefully we rate it at 90% plus, Marc, and the cookies that you have around Christmas time are wonderful.

I oversee the operations of Tishman in North America. Tishman is a first-in-class commercial office building builder. I also oversee the Hunt Construction, which build stadiums. So, we were a public company, private company, now we are back to being a public company under a company called AECOM, which has 91,000 employees around the world. 2,000 employees report to me in the US, and that's the building construction arm of AECOM.

The word Tishman is synonymous with super tall buildings, whether it's commercial, whether it's residential. Anything in the 900 foot plus category are super tall, something that Tishman is very comfortable building. We are certainly known in every avenue and every venue of New York City, New York State, and the US as either being number one or number two in construction rankings, whether it's by The Observer, Engineering News Record, Dodge Reports, or Crane. So it's something that I'm very proud of, to be part of an entity and reporting certainly to Marc. We trust their confidence that they have selected us as their contractor for this prestigious project.

No one has built more of the New York skyline than Tishman. Some of these are super talls. Tishman was involved certainly in the 1960s. We built Tower One and Two at the Trade Center, Tower Seven at the Trade Center, for the Port Authority, for Larry Silverstein, and then we were privileged

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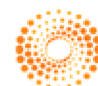

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to get back after 9-11 to rebuild Tower One, Tower Three, which is under construction, Tower Four, and Tower Seven, which was the first commercial office building built after the devastation of 9-11. This is a great testament to our Company and is something that we showcase to all developers and owners, because we live and breathe high-rise construction in New York City.

Current office towers -- we are very comfortable in this space, whether it is from 30 Hudson Yards on the west side, you heard a little bit about that earlier and some of the tenants. This is Time Warner, AOL, Tower Three at the World Trade Center which topped off a couple of months ago. The curtain wall is certainly proceeding. Tower Four of course was complete, the rendering of One Manhattan West at Brookfield is under construction. Steel has achieved up to the sixth or seventh floor. 35 Hudson Yards also at the Hudson Yards is a mixed-use facility -- office, residential, commercial. And of course, the stellar project of One Vanderbilt that we have worked with and are currently working in assembling the GMP with Harry and his team.

Why is One Vanderbilt a challenge? For us, it's something that we live and breathe. It's normal for us to work in a postage stamp in a highly dense area. In New York City, it's customary to bring in material from a truck to a hook and installing it. It's not done customarily in other places in the country, but it is done in densely populated areas. Logistical challenges, we live and breathe it, we know it well. We know the tenants, the Grand Central and the public circulation, are something that really have to be at the top. We will have a cocoon on this building as it goes up. You will see it. It is not a mandatory item by the New York City building code, but it is something that we have on all our high-rise buildings.

GMP, normal for us to work with the Heinz Group and also with the SL Green folks to assemble as a team, as an entity, to pick the best contractors, the best qualified tradesmen, and to know the foremen with each of those tradesmen as we go forward so that we have a working relationship with all of them. So there's no one more qualified to build this building, and I thank Harry for selecting us.

Harry Olsen - *SL Green Realty Corp. - VP, One Vanderbilt Development*

Thank you very much. Going to roll into what I call the fun facts, or cocktail information. And some of them are the total weight of the building is 187.5 tons, or 62,500 elephants. The height from grade to the top of the spire at 1401 equals 11 Grand Central stations standing on top of each other. The electrical conduit is 575,000 feet and it's equal to 10 trips up and down Mount Everest. The steel, 26,000 tons, and it equals 303 NASA shuttle Endeavors. The concrete, at 72,000 cubic yards, equals 22 Olympic swimming pools filled up. Aluminum in the curtainwall of 3.2 million pounds is a roll of aluminum foil from One Vanderbilt to Beijing. And this one blows me away. The total man-hours for construction, which equals 4 million hours, is six life times. Pretty impressive.

So, next, what I'd like to do is I would like to summarize by saying I hope this presentation gives everyone the confidence that we have the absolute best team, the right construction schedule, tried-and-true project controls, and New York's leading builder, Tishman. One Vanderbilt will not be a blueprint for good development; it will be the playbook for future development. With that said, I'm going to turn the presentation over to Rob Schiffer, who will present a truly unique feature which has not been presented publicly yet. Now, I'll introduce Rob Schiffer, Managing Director.

Rob Schiffer - *SL Green Realty Corp. - Investments Group Managing Director*

Thank you Harry, my partner in development, and a pleasure to be in the trenches with you as we remake the New York City skyline. We've spent considerable time analyzing the top of the building and how best to utilize it. With an approximately 40,000 square foot empty box, we looked at various ways to maximize revenue -- office space, event space, a hotel, luxury condos, and even a roller coaster, or at least that was my kid's choice. But pound for pound, the highest and best use is as an observation deck. As you probably saw this morning on Bloomberg, the 57th, 58th to 59th floors of One Vanderbilt will house an observation deck. Three viewing floor starting at 1,000 feet in the air will offer a world-class experience tailored to the masses of tourists who visit Grand Central each day.

In 2010, when we completed the assemblage and embarked in earnest on One Vanderbilt, we pulled together a best-in-class team. But what we haven't revealed is that team also includes a company out of Montreal, GSM Project. GSM is a pioneer in exhibition design and production and has collaborated to create some of the most recognizable observation deck experiences in the world, including the Virgin Dubai and the Shard in London. Joining us today is Yves Mayrand, President and Chief Creative Officer of GSM.

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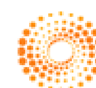

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Yves Mayrand - *SL Green Realty Corp. - GSM President & Chief Creative Officer*

Thank you Robert. Good morning. Two warnings. I am French-Canadian, so I may mispronounce some of the English words. And second, I'm clearly not a real estate person.

GSM is a firm specializing in visitor experience. That's how we call it. Basically, what it is, it's any room, any space that has visitors and content and it is what we do. We mostly work for museums obviously and many other type of amenities, which I'll cover later.

As I was mentioning, we work for museums, world fairs, and obviously observation decks. This is Burj Khalifa, Dubai, the tallest building in the world. We did the observation deck in that building, which obviously is the highest observation deck in the world. One thing that's interesting about this project is we did it in two phases, although it wasn't planned that way. It opened in 2010 with one observation floor, and it quickly sold out. Therefore, four years later, we were asked to redesign the reception to make it larger, to add a second observation floor, and to add also a VIP floor, which $125 a ticket is sold out every day.

I'll run through a few examples. We did the concept for the observation deck at the Shard in London, the tallest building in Europe. Our services cover from business plans to concept design, execution and operation. ION Sky in Singapore; the concept for the Lotte Tower in Seoul, opening soon; also for Emaar, the developer of Burj Khalifa, the Emaar Square in Istanbul.

One note here, we decided to do an exclusively outdoor observation deck experience. As I explained, this is a major trend in the industry.

And in Miami, closer to hear, Sky Rise Miami, a project which is going under piling right now. Interesting fact -- this is basically a vertical theme park where the tower, somewhat like the Eiffel Tower, is basically empty, but the top eight floors have two observation decks, one for the general public on two floors, and one VIP on a higher floor. And speaking of VIP, this is the type of concept we are developing.

Observation decks are changing. The clientele is changing. There they are more and more demanding. It's becoming an attraction. And this is an example of the VIP floor in Miami where we created those private pods where you can be 10 or 12 people with a section of it (inaudible) at 1,000 feet in the air with obviously private bar service, etc., which turns into a lounge.

The last project I'll present, Au Sommet Ville in Montreal where we are based. Observation deck which we opened in June. And in this case we initiated the project, we conceived it, we produced it and we are investors in it. So we have skin in the game.

Now, where are observation decks going? The days of a view through an office tower window are over. As I mentioned, people expect a sensorial experience. The bar is high. The competition is tough. If it becomes an entertainment venue, it competes with theater; it competes with theme parks; it competes with many things. Therefore, we try to provide thrills. And the reason for that is the view is important, the view is the show. But when people visit a city, they want to experience the city. And the experience of an observation deck is what we call the overview effect.

The overview effect is if you were lucky enough to go in the space shuttle, of which you will have -- I don't know how many in terms of steeling of buildings -- but you have that overview, you get an understanding of the space in front of you. And today's visitors are not so much about flashing themselves beside landmarks or monuments. They want to experience the city, and have a thrill at it. And therefore, adding thrill rides or thrill features to observation decks is a major, major trend right now.

We can see the Willis Tower glass boxes in Chicago; in Vegas, the ride on top of the Stratosphere; also Chicago with the Hancock, etc. Those things are expected and we need to push them further.

Technology is also very important. Augmented reality more and more in the experience where you combine the real view with content. I should also mention the importance of content. People expect to learn something, to walk out of there a little smarter, which is not being cleared currently in the market.

An example here of (technical difficulty) technology we developed for the Burj Khalifa in Dubai.

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And beyond the view -- again, FMD offering is important. Event spaces, huge demand for that.

Bottom right, this is the VIP floor at Burj Khalifa in Dubai. It's more of a lounge than anything else. And for those who know, (inaudible) in Paris offering champagne at two different costs. Everyone takes the most expensive one, the logic being well, I'm up here, I'm going to please myself. This is the logic of observation decks right now.

Now, why a third observation or fourth, I should say, observation deck in New York? First of all, as you can see on the left here, every time an observation deck was added in New York, the demand actually grew incredibly. This is when Top of the Rock opened. It went from 3.4 million visitors to 4.5 million, a 1.1 million increase. The same phenomena with the opening of One World Observatory last year actually where we see a jump of 1.7 million visitors. So as the offer increases, so does the demand.

It's also a recession proof business. You can see here on that -- on this (inaudible) that there was barely a dip in the visitorship during that recession. And one of the reasons for that is that, during recessions, we get less national or international visitors. The locals make up the difference, because these people travel less. They visit their own city. That's what makes it a recession proof business. It's also very resilient. As you can tell, after the recession, the recovery was very quick and very strong.

Now, in terms of penetration or conversion rate as we also call it, if we look at New York right now, we have three existing observation decks. Based on 58 million tourists a year in New York, currently 14%, or 14.6%, saturation at the moment in New York. If we compare this to another multi-tower observation deck city, Tokyo, which has four observation decks operating right now, the market is now at 28% conversion.

If we take the Tokyo example and apply it to New York, you can see that we have the projection at the very top of number of tourists. And if we aim for the 28% penetration for Tokyo, this brings the market to 19 million visitors a year to observation decks. If we take out the existing offer, that leaves us almost 8 million visitors new in the market. And as Robert will explain to you, that's plenty.

So, in conclusion, for GSM at least, I would just like to state that we've done, as you've seen, observation decks in Asia, in the Middle East, in Europe, in North America. And why would we want to involve ourselves into One Vanderbilt, being the fourth one in New York? There's one reason. Being surrounded by real estate people, I guess I shouldn't even mention it, but the location is absolutely incredible.

Always bear in mind that an observation deck is about the view, and because it's about the view, you want to see the landmarks from where you are. You want to see the Empire State. You want to see the World Trade Center, etc.

The second reason, SL Green has done a tremendous job at market research. There's very solid data backing this, and it's very comforting for us.

And the last point I'll make is that SL Green's attitude, and the fact that we are working in a new building, we have been advising SL Green for three years now on the base building aspects to make sure everything is integrated into the building, we think that, with SL Green's vision, this observation deck will redefine the experience of observation decks. It's the next step into the observation deck. Thank you.

Rob Schiffer - *SL Green Realty Corp. - Investments Group Managing Director*

Thank you Yves. Travel and leisure ranks Grand Central terminal in the top 10 most widely visited attractions in the world. Terminals frequently list in the top three tracking in New York City, along with Times Square and Central Park. 5.5 million people walked the Highline this past year, but over 19 million people walk past the corner of 42nd and Vanderbilt each and every year. And it's been widely reported that Grand Central will have surpassed 21 million visitors this year. And that's our competitive advantage.

Grand Central is already attracting one out of three tourists to New York City. We specifically negotiated with the MTA to have the entrance to our observation deck inside the terminal. With time-based ticketing and queuing, a family can combine a visit to the terminal that's already planned with a visit to our observation deck. They can buy a ticket on their mobile device for a 2 PM timeslot, arrive at Grand Central at noon or one, experience the terminal itself, have lunch at the oyster bar, shop at the Apple Store, until just moments before our high-speed elevators lift them 1,000 vertical feet in 45 seconds. And when they arrive, this is a rendering of what they may see. This image, one used, an early one by KPF and

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does not reflect any of GSM's inputs. But what it does illustrate is the tremendous amount of physical plant we have to work with on 57th and 58th floors. Both floors measure just under 20,000 square feet, and have slab-to-slab dimensions of 20 feet. Here, KPF has removed the floor slab from the 58th floor to create a 40 foot high double height space. This is the type of structural gymnastics that can only be done with new construction and provides the perfect candidates for GSM to design a world-class experience.

On the 59th floor, where we have our outdoor space 1,100 feet in the air, we envision creating seating similar to Rome's famous Spanish Steps. The architecture of the building is such that the parapet wall is high to your right when you sit, but as you look out south over our landmark protected views, the parapet wall drops and crosses in front of you to create this dramatic experience. Looking north, you will have sweeping views of Central Park and beyond. Whatever the experience ultimately turns out to be, we know we have the best views in the city. No one can match our view of the Chrysler Building, our view of the Empire State Building, our full cityscape Midtown views and reviews to the north that stretch beyond Central Park towards Washington Bridge and Westchester and beyond.

We've all seen that One Vanderbilt will be a fantastic building. In meetings with many of you and public presentations over the last year, we've detailed portions of the budget and portions of our underwriting. But today, we are going to review One Vanderbilt's financials in more detail, and to do so, I welcome Marc back on the stage.

Rob Schiffer - *SL Green Realty Corp. - Investments Group Managing Director*

Thank you. That was terrific, terrific presentation. Thank you. I'm going to start with the observation deck. GSM has modeled 1.825 million visitors, which reflects 65% of our observation deck capacity, and only a 15% capture rate of projected 2021 New York City observation deck visitors. We've also modeled a $39 average net ticket price, which equates to Stifel's revenue per visitor projection for ESRT growing at a 3% CAGR plus a premium for our experience and thrill features. We've also included retail and event revenue of $3.37 per square foot, the same number Legends has in its pro forma for the One World Observatory. And from that, we deduct $35 million of operating expenses and operator profit to arrive at a $42 million NOI.

Now, let's move on to the budget. You recall Harry detailed construction costs totaling roughly $1.64 billion. Now let's complete the picture. Add to that landmarked at $328 per gross square foot, add to that the $220 million of public improvements we've committed to do to improve the commute of the 1 million daily transit riders that pass through Grand Central terminal each and every day. Add to that tenant fit out and concessions, finance and carry costs and other development costs, and we arrive at our total development budget of $3.17 billion, or $1,831 per square foot. But that's a 2023 number and for a fully built and fully leased building. That needs to be built deflated to 2017 to compare to market trades. In 2017 dollars, our budget at $16.32 per square foot.

Marc will now take you through the pipeline.

Marc Holliday - *SL Green Realty Corp. - CEO*

Okay. So we've seen a lot about the project in terms of the depth of market demand for the office space, the opportunity for the Observatory, the construction budget itself, and how we are going to manage it. And I guess where it all comes home now is in the pro forma that we want to share with you guys for the first time which brings it all home.

And I think if you would just look with me up on the upper middle slide here, we've got the total building rentable (inaudible) 1.6 million, 126,000 square feet at an average office rent of $155, that's gross, $155 gross square feet. And that's in 2021 dollars, which I guess deflates to something closer to the $130s today. And that is before the efficiency taken into account that Steve Durels talked about. That generates $233 million of gross revenues per year, plus retail rent on top of that for some of those amenity spaces and other retail spaces on Madison and 42nd Street that you saw earlier gives you $244 million of gross potential with object revenue pre expenses that Rob just derived at $77 million a foot. Against that, we've got $55 per square foot of operating and taxes that we are modeling, a bit conservative but we did want to sort of fully reflect what we think OpEx and taxes might be on a fully stabilized basis when we get out there in 2021.

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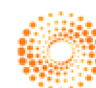

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And then we've got significant ob deck expenses as well, operations, marketing, discounts and operating partner to -- basically takes about 35% -- $35 million, which is the right margin off of that $77 million of gross. It gets us down to an operating NOI of about $198 million. And if you reflect that on our actual cost in the deal, that's a 6.8% stabilized cash on cost for a development project that's arguably I think going to be considered to be the single best building in Manhattan and therefore should carry -- I think the single lowest cap rate in Manhattan, but that's up to the opinion of the evaluator.

And in terms of our land basis of $576 million last year, it's $776 million this year with the $200 million of work in place, which reflects an increase price for the land to market. It's a 6.3% cash on cost.

So we've got a lot of questions about what happens if you don't rent at $155 a foot notwithstanding the fact that other buildings are getting those kind of rents and more today, let alone in 2021? So we thought it would be useful and helpful if we put up on the screen what that could look like at a reduced rent to get you an example of just how fortified we believe this project and rent roll is at lower forms of rent. So, we have the rent run at $135 per square foot, which would be below all forms of new construction today in Midtown, and probably at the higher end of old construction in Midtown in today dollars. At $135, you could see we would still be at a 6% cash on cost return on our investment, and with the land marked up at a 5.5% development return, still healthy, albeit on I think very conservative assumptions.

I think there's more upside in the rents. We looked at the conservative case here. My bet is that we will be at the $155 or higher. I think there is opportunity in the ob deck because this is only run, Rob, if I'm correct, on a 1.9 million visitors per year --

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Rob Schiffer - *SL Green Realty Corp. - Investments Group Managing Director*

Yes, 65% of Capacity.

Marc Holliday - *SL Green Realty Corp. - CEO*

65% of capacity. If you run your rents at $155 a foot and if you run the ob deck at full capacity, which I think it should achieve based on the concept we have for that ob deck, then the numbers are far, far in excess of that first column. So, certainly, we look at this as an extraordinary future opportunity we are building to in 2021. On a sources and uses basis, in order to achieve that, we got our $1.5 billion construction loan done this year, as we promised investors, at what I consider best in class terms with a term of up to seven years, Matt? Up to seven years on that construction loan to fully build and stabilize the project. That's kind of market leading. And the rate is very efficient on those dollars. We have invested $776 million of equity to date in the project. There's about another $894 million to go. You've heard me say, over the next four years, when that money is spent, that's about $210 million, $220 million a year, which we could do out of cash flow. We are not projecting asset sales. We are not projecting stock issuances. But putting aside the fact that we do have cash flow, I am pleased to report that, as of 3 AM on Friday morning, when everybody at SL Green was hard at work, we were notified that we received investment approval for an agreement in principle that we have come to agreement with the Ford Institutional Investor for a $500 million cash equity investment in the project at One Vanderbilt. And we will look to close that investment in the first quarter of 2017.

So, first of all, good job everybody. In the camp, if it's not done until it's done, we are doing documents now, we have to get it done, but we have taken this particular investor has been through an extraordinary amount of diligence. They have their investment community approval. They share our vision for the project, long-term ownership. They love these returns, and they love the fact that they are investing in the best building and the best location and the best market are deeply in the country. And we are proud to take them on as our partner, and we look forward to getting that closed and having them along with our side as we go on this great odyssey to complete this project. And obviously, by doing so, we will have taken our equity commitment down to a fairly modest amount of under $100 million a year going forward. So that we will fund out of cash flow. And we are just very, very pleased to be able to bring this project to the point that we said we would bring it to by the end of the year. And it will also give us the ability to bring it to fruition, while also giving us ample liquidity and firepower to take advantage of all sorts of other opportunities in 2017. So that's the good news on that front, and we will keep you guys updated as we go along and get that closed in 2017.

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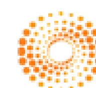

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So, with that, that brings to a conclusion, I believe, our first part of the presentation in its modified and slimmed-down format. We are pretty much right on time. We're going to take a 20 minute break. I please implore and ask you guys, in 20 minutes, come on back and let's finish off with Matt DiLiberto's financial section, much anticipated, much awaited. He will lead off the next part of it, and then Andrew and I will come through and do scorecard goals and objectives.

We have and expanded Q&A portion in this new format. Hopefully, all of you have gotten instructions on how to text in your questions. We're going to sort through those during the intermission and after the intermission, and we'll have about a 20, 25 minute Q&A section at the very end, which is something we haven't done before. So please make sure to get some questions into us that we can address by the whole management team at that point.

And finally, if everybody would exit up there and then down the stairs, we have this incredible experience that Steve Durels mentioned earlier where you can go into this very immersive 3-D environment and experience portions of One Vanderbilt's office floors and amenity floor in a way that I think is quite revolutionary. So, if you have -- it takes about five minutes. We are going to cycle two or three groups through. Please go up right away and check it out. It's really cool. So see you in 20 minutes. Thank you.

Unidentified Company Representative

Ladies and gentlemen, please welcome Chief Financial Officer, Matt DiLiberto.

Matt DiLiberto - *SL Green Realty Corp. - CFO*

Good afternoon everyone. What am I saying? Good evening. Hopefully, everybody got to enjoy the One Vanderbilt immersive experience out there. If you haven't, weren't able to, we're going to do it again after the program is over. It's pretty incredible. I'm trying to get Marc to do one of those in the office with something a little bit more relaxing, a beach setting, some sort of fantasyland. And I'm waiting for the guys in front here to say Matt is already living in a fantasy world. That's hilarious.

All right. We are going to move into the most exciting portion of the presentation, starting with our balance sheet strategy. Last year, I highlighted our achievement of full investment-grade ratings after executing a five-year carefully crafted strategy, and I said we wouldn't stop there. In 2016, we backed up that statement with a capital strategy that has brought our balance sheet and overall credit profile to a level we have never seen before, creating a truly fortressed balance sheet.

The Company's credit profile should be viewed broadly. There's no one metric that is the perfect measure of credit. For us, we look at around 20 different credit metrics every time we evaluate a deal. We will review our earnings projections, which we do almost daily.

Rightly or wrongly, leverage continues to be the metric that gets the most focus, so let's start there. Here you see the dramatic reduction in our consolidated debt to EBITDA as measured by Fitch over the last three years. Not only have we met our goal of 7.5 times, but we expect to maintain a level below 7 times in 2017, even as the one Vanderbilt construction gets into full swing now in a JV format.

The high leverage moniker is gone. Our metrics are now right on top of the largest CBD office REIT peers.

Of course, debt to EBITDA doesn't give any value to the underlying assets. It's the easier math to do, but the quality of EBITDA from Manhattan assets both owned and as collateral is of far higher quality than any other market. Therefore, it warrants a higher valuation.

So on an LTV basis, the more appropriate measure for real estate, we sit today at about 35%. As Marc said earlier, that is low by New York City standards.

For those that ask if we are comfortable with where our leverage stands today, the answer is simply yes.

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Reducing leverage along with taking advantage of the interest rate environment to refinance very expensive debt has combined with growing EBITDA to drive a steady improvement in our fixed charge coverage as well over the last three years. Using Fitch's math again, from a healthy 2 times coverage in 2014, we progressed to 2.6 times today and hold steady at a solid 2.5 times in 2017, even with the significant amount of leasing capital we have to spend next year, which Fitch considers a cost in this calculation.

Much like debt to EBITDA, there are number of different ways that fixed charge coverage can be calculated. For example, if I was to put up Moody's calculation of fixed charge coverage, you would see coverage of 3 times in 2017. So why don't we do that?

Let's look at where we stand with all the rating agencies. While not predicting what or when any of the agencies might do something with our ratings or our outlook, here's how we stack up on all three of the agencies' most important metrics as compared to their upgrade targets. Clearly, we are in great spot, approaching upgrade targets well ahead of schedule. In fact, we are sitting right on top of many of the upgrade targets already. While we are proud of achieving our investment-grade ratings, we intend to pursue ratings upgrades over time, and these figures would indicate that we are on the right trajectory to achieve that goal.

Having a store of liquidity is the stabilizing factor to any balance sheet, providing the ultimate protection against the unknown. It also provides a company the ability to be flexible in its decisions and be opportunistic, just like you expect SL Green to be. We have increased our liquidity in just the past year by almost $1.2 billion, bringing it over $2 billion, more than double our target liquidity level. In 2017, we expect to maintain almost all debt store of liquidity, assuming no new net acquisitions or other investment activity, as our operations generate free cash flow that allows us to pay a healthy dividend while still retaining cash to fund potential investment opportunities, weather capital needs, including costs at One Vanderbilt, which will now be funded primarily by our construction loan and our partner going forward.

Over the last couple of years, Andrew has highlighted the embedded interest savings and potential liquidity source that our maturing debt can provide. In 2016, we proved that thesis out in a particularly cooperative financing market.

When it comes to property level financing, our strategy has been and continues to be to maximize financing on encumbered assets, particularly JVs, while utilizing wholly-owned assets to support our unencumbered asset base. In other words, if you're going to finance an asset, maximize it. Otherwise, unencumber it. It doesn't pay to inefficiently finance an asset.

In 2016, we looked at inefficiently financed JV assets like 800 3rd and 280 Park, and made them significantly more efficient in cooperation with our partners by increasing proceeds and materially reducing cost. In executing this strategy, we generated incremental liquidity of almost $300 million while actually reducing our annual interest expense by $7 million, with the cost of these financings dropping from about 5.8% to 3.1%.

Moving to our debt maturity profile, an extremely critical part of the Company's credit profile, recall that it was a mismanaged debt maturity schedule, not leverage, that caused certain REITs to suffer during the last downturn. It goes to show if you don't manage your maturities and end up in the wrong part of the credit cycle, you can be facing a lot of pain. So, we manage our maturities very, very closely.

This is what our maturity schedule is expected to look like as of the end of this year. Needless to say, we are already attending to our 2017 maturities.

Much like you saw us do in 2016 where we see opportunities to make financing more efficient, either from a size or a cost perspective, we're going to do that. At the Olivia, stabilized New York City residential properties will finance very nicely in today's lending environment. With a debt yield of about 9%, we can readily refinance this property for additional proceeds.

Of course, it's tough to improve upon the current rate of just 92 basis points, but that's financed with the FHLB, a program that's no longer available to us, at rates that simply can't be replicated in the broader debt markets.

At 10 E. 53rd, the completed redevelopment along with recent leasing accomplishments provide us the ability to upsized this mortgage as well at very attractive rates. And at 485 Lexington, the quality of the asset and the depth of appetite for New York City product in today's financing market will allow us to refinance this asset at existing proceeds and a significantly reduced rate. And we'll add one more unencumbered asset to the pool in 2017 when we unencumber 762 Madison Avenue.

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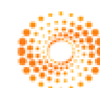
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So we fast-forward now to the end of the first quarter, and we've already attended to virtually all of our 2017 maturities with a weighted average debt maturity of 5.4 years. Of the $387 million that is maturing over the remainder of 2017, $345 million is a legacy 2010 convert issuance that we expect to refinance with other new, unsecured corporate debt, ideally unsecured bonds. With limited maturities again in 2018, I expect that we will start to attend to maturities further out, particularly in 2019 when our recently expanded $1.2 billion unsecured bank term loan matures.

Now, the resiliency of a Manhattan-centric portfolio is well documented, and Marc covered a lot of the points in his commentary. Never in the last 30 years has the Manhattan market behaved in an anomalistic way to any other CBD in the United States. It always behaves in the same manner as the rest of the country, up or down, even after seemingly Manhattan-centric events like 9-11. Manhattan is simply the last to fall and first to rise, always setting higher highs and higher lows. That's why we invest here.

Even with the built-in resiliency of the city itself, our strategy has been to keep our portfolio full, attend to lease rollover early and not time the markets. That keeps our occupancy consistently well above the occupancy of our New York City public peers and the overall Midtown Manhattan market.

From a credit perspective, one of the best protections available is to have the most fortressed portfolio in the most fortressed city, and that's exactly what we have.

Of course, the backbone of the resilient market is credit quality tenants, which Manhattan provides in spades and we enjoy in our portfolio. Here you see the top 20 tenants by pro rata square footage full of household names across a number of sectors, and virtually all of which have investment-grade ratings. Today, over 46% of our tenant base is rated investment-grade. As a result, over 18 years, our average annual tenant write-offs in Manhattan are miniscule, less than 0.25%, and this actually includes the effect of the Aeropostale bankruptcy this past year.

So, bringing these credit attributes together from the side screens to the center, and many more that we didn't cover in detail, today, SL Green finds itself in the safest, highest credit quality position it has ever been in. We are able to weather any storm while still being opportunistic and generating cash flow and total return to our shareholders. This is a balanced strategy that we remain focused on an committed to for the future, and we believe it will serve all of you here very, very well.

We put seatbelts by seats because I'm going to get into earnings guidance now, and I know it really gets people whipped up. So go ahead and buckle up.

As you will see (inaudible), I have our head of Financial Reporting down in the front here, and he said you've got to make mention of non-GAAP measures. So, I may use some non-GAAP measures in this presentation because all of the metrics that I will use everyday are non-GAAP. If you want to see the corresponding GAAP numbers on reconciliations, go to SEC filings, the 8-K this morning, all that good stuff, and you will find whatever you need. Is that sufficient? Thank you.

Okay. Moving on, let's recap our 2016 FFO before we get into 2017. This just highlights our guidance over the course of the year where, one year ago, we set guidance of $6.90 to $7.00 a share with a midpoint of $6.95, representing a nearly 9% increase over the prior year. Then, in April, we needed to re-look at the entire picture as we negotiated the early sale of 388 Greenwich to Citi and the portfolio already appeared to be performing better than our expectations. The Citi sale had a bunch of FFO implications, including a lease termination payment and the write-off of balances through FFO offset by lost NOI, bringing our NAREIT defined guidance to $8.21. Because the lease termination payment renegotiated with Citi essentially represented FFO that we otherwise would've gotten off the asset up through its originally scheduled sale date in December of 2017, we bifurcated the payment into a 2016 and 2017 component. We also backed out the accounting write-offs to make the number more comparable to our original guidance, bringing us to a normalized FFO guidance of $7.00 a share, at the midpoint of our current range today.

So, working from that $7.00, which I recently said we're trending a little bit ahead of, at the upper end of our range, I thought a good place to be in our discussion of 2017 was to step through the impact of some of the most significant transactions we consummated this past year and a couple of larger, nonrecurring items that were included in 2016's FFO. That will give us a better apples-to-apples comparison as we look ahead to 2017.

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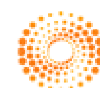

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The most impactful items are clearly asset sales. Yes, selling billions of dollars of real estate to delever and generate liquidity has an impact on earnings. The sales of 388 Greenwich, a 40% interest in 11 Madison, and some other smaller assets like 885 3rd and 33 Beekman, remove $0.94 of FFO right off the bat.

Also, in 2016, we were able to recognize about $0.39 of additional income from a mezzanine loan on 720 Fifth Avenue, which was recapitalized by the sponsor, so we add -- so we back that out.

And finally, we can add back the $0.17 of non-cash accounting charge we took related to Aeropostale at 1515 Broadway. This brings you to roughly $5.84 a share, a better starting point as we start to think about 2017.

So, what's going to drive 2017's earnings? Obviously, the millions of square feet that the Manhattan and suburban leasing teams have leased over the last two years at meaningful mark to markets will be a catalyst. Our growth properties like 280 Park are approaching stabilization. The debt and preferred equity business continues to generate earnings as balances and yields are maintained. Deleveraging and the refinancing strategy I highlighted earlier generate interest savings, and we are reducing G&A expense in 2017.

Let's start with the real estate portfolio. GAAP NOI is projected to be $942 million in 2017. This assumes no new net acquisitions or dispositions, just like last year's guidance. But it's safe to assume that we will be active at some level in 2017. This also assumes that we generally maintain overall portfolio occupancy, likely a bit lower in Manhattan due to planned vacancies, and higher in the suburbs. And operating expense levels are largely maintained while real estate taxes increase yet again, no surprise there.

Getting into the details of our real estate NOI portfolio by portfolio, starting with Manhattan, where GAAP NOI totals $804 million, at 1745 Broadway, the 600,000 square-foot Random House blend and extend increases NOI by about $10.5 million while, at 919, the Bloomberg lease increases NOI by about $5.5 million. In the growth portfolio, we expect 280 Park to be fully leased in 2017, and at 711 3rd, a more commodity property, occupancy has gone from 66% to 92% in 2016, resulting in an increase in 2017's NOI of $7.5 million.

The downside, Citi is vacating, as Steve highlighted earlier, almost 300,000 square feet at 45 Lex, about 265,000 square feet of which is as yet unleased. Much of that will be leased in 2017, but the GAAP NOI effect won't hit until 2018 and beyond.

To give you a sense of where Manhattan expenses are headed, we expect operating expenses to increase by less than 1% thanks to Ed and his operations team, while real estate taxes increase for the millionth year in a row by an estimated 5.6%.

In the suburban portfolio, GAAP increased -- the GAAP NOI increases by about $56 million. And as a personal note, I believe that our suburban team up in White Plains is the best suburban office team in the business, bar none. They did a heck of a job leasing in 2016. We expect that to continue into 2017, bringing portfolio occupancy, which you saw earlier, from the low 80s% just a couple of years ago to the high 80s% in 2017, so going up from the mid-80s% it's at this year.

And in Brooklyn, and we consider Brooklyn a suburb because you have to cross a body of water, 16 Court has reinvented itself and is now a tech-centric building which has brought occupancy to about 96% and contributes meaningful NOI.

In the High Street retail portfolio, GAAP NOI of about $51.4 million includes leasing up the newly constructed store at 719 Seventh Avenue. The store sits under the brand-new LED signs that have already been leased. If you haven't seen them, please go by. And they are just burning themselves in. But 2017 NOI, this is important, does not include anything related to the NIKE deal at 650 Fifth, because they are not expected open until early 2017 -- I'm sorry, 2018. So we are eagerly anticipating NOI to pop when they do open in 2018.

And finally, in the residential portfolio, we expect NOI contribution to increase to about $31 million, resulting from the leasing in Sky at 605 W. 42nd, which is being done ahead of underwriting, and modestly rehabilitating and re-tenanting units at the Olivia, as you saw earlier, to bring rents to market proves valuable as NOI there increases by $1.5 million.

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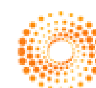

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Now, before I move on to same-store NOI growth, I have to do the housekeeping. These are the assets that move into the same-store portfolio on January 1, 2017. Notably, following the redevelopment and with occupancy at around 86% at the end of 2016, 280 Park enters the same-store pool and 600 Lex reappears after being a wholly-owned asset for a comparable full-year. So what does that mean for same-store NOI growth?

We just came off a year of 6% same-store cash NOI growth, inclusive of the unexpected Aeropostale vacancy at 1515 Broadway. In 2017, we expect cash NOI, same-store NOI, to increase 2.5% to 3%, and same-store GAAP NOI to increase 3.5% to 4%. To be conservative, this excludes the effect of any lease termination income in 2017 because we just don't know whether any of that income will happen in a same-store property.

Now, because there are some moving pieces, I wanted to drill down a bit, looking at some factors in same-store cash NOI for next year. The drags of the Citi vacancy at 45 Lexington, Omnicom vacating their space in April at 220 E. 42nd to make way for VNS, and the Aeropostale vacancy at 1515 Broadway totals about $24 million. But that is more than offset by the positives I highlighted earlier at 280 Park and 711 Third, and the rest of the same-store portfolio that is growing by over $28 million after reaping the rewards of strong leasing and operating expense containment.

To put in perspective how consistent our cash NOI has been, here's a look at our average same-store cash NOI growth over the last 15 years, inclusive of the midpoint of our 2017 guidance range. This is versus our large-cap office REIT peers. And nearly 4%, this is well in excess of that group and proof that our active management strategy versus a passive management strategy, along with the built-in rent bumps and expense protections that New York City leases provide, is a winning and very, very profitable formula.

Now, moving back to the components of 2017 FFO -- and we will leave the math on the side screens until we get to the end -- in the debt and preferred equity portfolio, we closed 2016 with a portfolio size and yields that are almost exactly on top of where we expected them to be. The beauty of this business, as Andrew highlighted earlier, is its scalability. We can manage this portfolio to be as large or as small as we want it to be without changing the nature of the underlying collateral, all of which we would be happy to own, or going out further on the risk spectrum. In 2017, we are not projecting any growth in the portfolio other than funding approximately $150 million of future funding obligations on existing positions.

With regard to new originations, we assume that retained originations will have a yield of 8.75%, up from previous year's guidance of 8.5%. And then David every year beats our assumption. So we just move the goalposts on him.

And our portfolio remains exclusively in New York City next year. That should keep the portfolio NOI from DP at around $200 million, comparable to our target for 2016.

In other income, excluding lease termination income for these purposes, lease termination income is up in NOI. We see a continued stream of JV fees. These fees can run the gamut from recurring management fees, leasing commissions, financing fees, development fees. And with a One Vanderbilt JV in place in 2017, our fee stream increases next year as compared to prior years.

We spent a lot of time earlier talking about the liability side of our balance sheet. The combination of lower debt balances and a reduction in our overall cost of debt drives interest expense lower next year by about $57 million. In addition to the effect of the asset sales and refinancings, we expect a very modest use of our line of credit. For much of the second half of 2016, we had no outstanding balance, and I expect us to keep that utilization similarly low next year, which saves us about $8.5 million of interest expense.

As a reminder, we project interest expense forward on our floating-rate debt using the LIBOR curve, and then we add 50 basis points to that. So on top of the 88 basis point average for next year, we tack on 50 basis points for conservatism purposes.

I'm often asked how capitalized interest factors into interest expense, so here's a quick summary. With the construction of One Vanderbilt in full swing but the number of other development or redevelopment properties getting smaller each year, we see only a modest increase in capitalized interest to about $46 million. Of the projects listed, One Vanderbilt is by far the largest component, comprising about $25 million of the $46 million in its new JV structure.

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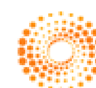

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Here's a surprise for everyone. Transaction costs are gone for 2017. You heard it here first. After years of real estate companies like us having to expense customary deal costs through FFO, and the investor community deciding to adjust for it or not, we don't have to do it anymore. We have it, through very reliable sources, that the accounting rules are going to change, implementation January 1, 2017. Customary costs associated with real estate acquisitions will no longer be considered the acquisition of a business that would require the expensing. Instead, we'll go back to capitalizing these transaction costs into the overall cost of a deal like the good old days. Dead deal costs will continue to be expensed, but no company, including us, should incur those, so we assume zero transaction cost expense in 2017.

And finally, G&A. The efficiency of our business is highlighted again next year as we project a nearly 2% reduction in overall G&A expense as compared to the customary 3% increase most companies see each year. It's important to remember that more than half of our G&A expense is non-cash related to stock-based compensation, and about $8 million of that component in 2017 alone is related to an outperformance plan that is currently out of the money. Regardless of the fact that the plan is valueless to the recipients, accounting rules still require not only that we take an expense but the expense cannot be reduced.

Keep in mind that we also expect to reduce G&A while our President, Andrew Mathias, does his best to increase our healthcare coverage costs by suffering serious injuries once every six months.

All right, let's bring it all together, bringing in what's been building on the side screens to the center. Total revenues of $11.10 offset by $4.65 of expense. $6.45 of FFO is a midpoint, leading us to establish guidance that you all saw like three hours ago, $6.47 to $6.50 a share, $6.45 at the midpoint, or over 10% higher than the $5.84 comparable that I walked through earlier.

Next is one of the more tedious pages for people to get through, but it will be preserved on our website hopefully later on today. FFO to FAD, or AFFO, most of these adjustments are similar to what you saw in 2016. With regard to second cycle capital, it does remain elevated next year, as recent leasing capital is spent, particularly related to the DNS lease at 220 E. 42nd Street, the Bloomberg lease at 919 Third Avenue, and re-leasing the Citi space at 45 Lex.

And for those of you who wonder where the per share numbers are, another change, SEC expert upfront here is keeping me honest. We have to discuss FAD in absolute dollars now; we can't consider it a per share metric. So that just means you have to do the math.

Building off a slide that Marc showed earlier, now using our 2017 FFO and FAD as a benchmark, the same picture as when you looked at 2016, deeply discounted stock on a multiple basis as compared to our closest peers.

All right. Here we go. Now we're going to break new ground. We're going beyond 2017 into 2018 and thereafter. We want you to be excited, like we are, about the years to come. We've done a lot of great deals in 2016. We will be doing more in 2017, but some of those deals won't have a real impact on NOI until 2018 and beyond. So, we thought it was important to highlight how meaningful those deals are.

Here are just five items that total $37 million of incremental GAAP NOI in 2018 over 2017. And on a run rate basis, we will generate more than $69 million of NOI to the Company. Huge numbers. And three of these items, NIKE, VNS and Nordstrom, generating $23 million of incremental NOI in 2018 are already done, so there's no risk to those numbers. These big-ticket items will be coupled with continued realization of the embedded mark to market in the office and retail portfolios that drives continued growth in the same-store portfolio. Two more growth properties, Tower 46 and 10 E. 53rd reaching stabilization. A debt and preferred equity portfolio that remains at roughly the equivalent size. Needless to say, we are very excited about our growth trajectory beyond 2017, and just wait until One Vanderbilt kicks in.

Concluding our financial review with the dividend like we traditionally do, last week, we announced the sixth consecutive annual increase in our dividend to $3.10 a share, an increase of 7.6%. This brings the six-year CAGR of our dividend going back 2011, when we paid out just $0.40, to over 40%. While not the 12.5% dividend increase we telegraphed one year ago, 7.6% is an out-sized annual increase relative to what other REITs, particularly in the office sector, provide, and it's particularly impressive considering the remarkable amount of sales we consummated in 2016, the proceeds from which we have not yet redeployed. So a dividend yield of about 3% and FFO and FAD payout ratios in line with the comparable REITs that. We feel like our dividend level is appropriate and attractive in this sector while still allowing us to retain liquidity for ongoing capital projects as well as internal and external investment opportunities.

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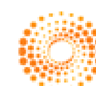

All right. Now, I have the privilege of not only bringing Marc back to the stage to go through our goals and objectives and our scorecard, but revealing to everyone here the person that we have dubbed somewhere between Tony Romo and Swarovski, our President, Andrew Mathias. Marc and Andrew?

Marc Holliday - *SL Green Realty Corp. - CEO*

Okay. Well done sir. Thank you. Okay. What did you guys think of the immersive? Pretty cool? I thought it was. I liked it. (inaudible) the immersive contract. I liked it. We thought it was cool.

Matt, Matt, we thank you for another flashy performance up here at the podium and, more importantly, for another great year as our corporate chieftain, our financial chieftain, a job for which you've been recently recognized by II as being a top three financial performer, so congratulations to you on that. We are very proud to have you as part of the SL Green team. So, well done. Congrats.

So we are going to take this a little bit further now and bring it to the end before Q&A. You know we constantly strive to differentiate this platform by challenging ourselves to reach for stretch goals, not just easy to attain goals, in 2016. It's really no different. At the start of the year, we set out a host of very intentionally demanding goals with the objective of meeting or exceeding the vast majority of them, thereby positioning the Company to continue delivering superior results for all of you, our shareholders.

This is the moment in the presentation where we will see just how we did. So we will bring up last year's goals and objectives slide. You can see it right here in front of you. And we had, I guess, somewhere around 15, 17, 18, 19 different objectives buried within 17 slides covering the full gamut and range of what we do. We will start by turning it into the scorecard for 2016, and looking at leasing, signed leases, of 2 million square feet. That was our budget at the beginning of the year. The budget was probably actually 1.8 million or 1.850 million. We stretched it to 2 million, and we wound up doing 3 million square feet of leasing. Plus, I think we'll be at 3.1 million, 3.2 million by year-end. So that was successful.

The second is same-store occupancy. We thought it was going to be a push to keep it up around 97% leased. And as it turns out, we think we're going to end up up for the year to about 97.5% leased. So, that's another checkmark on that. We had mark to market occupancy on that budgeted NOI production of 13% to 16% again is probably the low range. We stretched the upper range and we kind of blew that away with 28% year-to-date mark to market, so that will end up certainly much, much higher than that range.

Okay. Investments, acquisitions, and dispositions on acquisitions, I'd say we took our cue from Mr. Market and we are very conservative in our underwriting of deals across the desk this year and did not achieve our goal of $1 billion of acquisitions. Dispositions, however, we were aggressive sellers, as I mentioned earlier in the presentation, with 11 Mad and 388 Greenwich leading the charge there, so we easily met our $750 million goal.

And sale of suburban assets, here we are a little bit in between here. We have a contract out which will push it out over $100 million for the year. Isaac Zion has been begging is not to put the red thumb up there, so we're going to give this a sideways thumb, and hopefully this contract will sign and this deal will close by year-end and we will reach our target there.

So, moving onto residential and retail, we had residential and resi ambitions of about $0.5 billion of acquisitions. Didn't meet that target either. I wouldn't read into that anything more than we really would just internally focus this year on a lot of leasing, a lot of redevelopment. We very much want to reload the pipe with some interesting resi-retail opportunities that we are hoping to see as rates rise a touch. There could be a little bit of dislocation, maybe some more opportunity, and we thought a good year to take a pause, but sets us up well going into 2017. And we'll get to that when we get to goals and objectives.

Dispositions, we did dispose of 57th Street interest, JV interest, which exceeded the $100 million goal, so we did meet that. On incremental retail valuation, I think the signing of NIKE kind of blew away all components of what we had for this particular goal. I think we created over $1 billion of value at a 4 cap based on signed leases in 2016. So that was a resounding thumbs up. And then we will move to the DPE program.

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Andrew Mathias - *SL Green Realty Corp. - President*

Debt and preferred equity had a terrific year in this program, increasing the balance by greater than $150 million. That goal was achieved with our pro forma year-end balance estimated to be right around the $2 billion mark. Investment income, again, we're growing this business. We're also growing it very profitably. We topped $200 million of income from this business for the first time this year, and upped our yield targets a little bit for next year, as Matt mentioned, so continuing to push for greater profitability in this business.

FHLB, here we had a setback with the government where some legislation passed, which basically undid a bunch of FHLB licenses that had been issued, so our license was caught up in that. It was retracted or put on hold. We are working through to try to see if there's a way to remedy it, but for now, we've got to call this a red thumbs down. We don't have the balances.

Marc Holliday - *SL Green Realty Corp. - CEO*

So, moving to One Vanderbilt, we set out to obtain a construction loan financing for greater than $1 billion. We did $1.5 billion. There's a lot of questions about whether we can get that done or not. It was oversubscribed, five lead lenders, a successful $500 million retail execution that was oversubscribed. We think best-of-class terms for a project of this size and scale and given the status of where the project lies now, and I think a real testament to our depth of relationship and familiarity and experience with some of the leading lenders all across the world. I think there were three -- two domestic lenders and three foreign.

Leasing at One Vanderbilt, this might have been a little premature on our part. Steve begged us not to put it up there. We did. The tenant community has received this project extraordinarily well. We've done many, many presentations to the broker, to the tenants, well received. I do think this is going to be, like our debt facility and like that equity syndication, an oversubscribed project. When we get closer to time, the delivery of space really until 2020. In 2016, it's a little bit too far of a throw for most tenants in the 1,000 to 250,000 square foot range to be making commitments five years in advance. So, we will build up to it. But the marketing materials are excellent, and the project is excellent, and we are confident that we will be able to come back in the future and turn this thumbs down into a thumbs up.

Andrew Mathias - *SL Green Realty Corp. - President*

On the financial side, same-store cash NOI, another record year of performance, achieved our goal of greater than 6%. The growth portfolio fueled by the NIKE deal at 650 Fifth. A bunch of leasing at 280 Park, 10 E. 53rd, and Tower 46th led us to achieve this goal of a $28 million NOI increase in the growth portfolio. Raised dividend 12.5%. Here, keeping our conservative posture and sort of maintaining our liquidity for opportunities to come, we did not raise the dividend 12.5%. We raised it 10%, a significant raise. And as Matt showed you, year-over-year very significantly since 2010. TRS exceeding 10% in the MSCI Index.

This, unfortunately, as Marc mentioned earlier, has been a disappointing year for us from a price perspective, reflecting the underlying value of the assets. We did not achieve this goal. 7.6 times or better debt to EBITDA we did achieve thanks to the 11 Madison deal, the 388 Greenwich deal, all that capital delevering the balance sheet significantly, so we stand at about 6.6 times today, one turn better actually than our 7.6 times goal. So a green thumbs up there.

Overall, a great year, and a lot of great accomplishments for the team.

Thank you. They can't all be green, guys. Come on. It wouldn't be any fun.

Marc Holliday - *SL Green Realty Corp. - CEO*

So we'll go into the 2017 goals and objectives (inaudible). Okay.

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So, it's another year, guys. We have to go suit up, do it again next year, and we are going to lay out what the new goals and objectives are going to be. We took everything, where we would be, stretched them out. Here's where we hope to be sitting with you folks one year from today.

We'll start with the leasing goals. Manhattan signed leases, we don't have that much to lease. I think 900,000 square feet is the total if we leased everything. We are not going to lease all 900,000 feet. Obviously, there will be some renewals and some that we don't renew.

And there is a fair amount of new leasing which we will put on the page. I think I spoke to it in the leasing section with opportunities, and Matt threw out some numbers, as did Andrew. So for Manhattan signed leases, when you take into account vacancy, what we hope to sign of the rollover, and then making inroads into 2018 and 2019, we have this metric at 1.6 million square feet year-over-year, double what we have maturing. And if we can stay on that path and achieve that goal, then we should reach 97% occupancy, or maintain somewhere between 97% and 97.5% occupancy in 2017.

The mark to market is -- we had to fine-tune it a little bit because the leases rolling in 2017 are reflective of leases signed, in many cases, 10 years ago. 2006, 2007, that was kind of the high point in the leasing market. So we have a mark to market expectation of 11% to 14% on mark to market leasing for same-store leases.

And on retail leasing, we put back a stated specific objective. It's no longer a whole bread. It's now an existing building with a lit sign. So we hope you will not be burdened if we ask again if you could lease that building up in 2017 to get it fully occupied. Now that NIKE has cleared out and Nordstrom is underway, this should be next on the on-deck circle. So that's where we are for leasing goals.

For the investments group, we are going to again reinstitute an acquisition goal for this year, even though we took a pause last year. We think some market dislocation in some deals that have been in the pipeline for years we hope to come to fruition in 2017, so we are setting a market-neutral acquisition and disposition goal of $650 million of acquisitions and $650 million of dispositions for the year. And we look to be -- look to get out there and start buying again with some of the war chest of capital we've built up.

Selling suburban assets, the team was so successful last year in generating liquidity from the suburban portfolio. We've put out the same goal again this year to sell another $100 million of suburban assets. And that won't include Isaac. That one is a 2016 event, so it will start after that one, just for clarity.

Debt and preferred equity portfolio, this program, this line of business, just continues to outperform, and do really well for us on all the levels that Andrew spoke about. We expect we will be increasing the DPE balance modestly by $100 million, notwithstanding the fact that there are going to be a lot of payoffs and maturities this year. And notwithstanding the fact that we do a lot of sales in syndication, there will be we think probably a little bit of increased competition this year. Notwithstanding, we think that balance will be up about $100 million, which is about a 4% increase, 4% to 5% increase, in the balance, I believe. DP investment income thusly should exceed $200 million this year, and we'll have to do that this year without the benefit of 720 Fifth, which we probably would have made it anyway but that put it up to a number like $230 million or so. But without the prospects of 720 Fifth, we still think we will exceed $200 million for the year. At least, we're going to try to.

And DPE funding, we want to see if we can't crunch down our cost of capital even further by going out and getting a second DPE facility to complement the existing JPMorgan facility, but do it on more flexible terms and at lower rates, which would enable us to create more accretion out of this business without increasing any kind of recourse risk to the Company.

Harry Olsen - *SL Green Realty Corp. - VP, One Vanderbilt Development*

Development, we have two One Vanderbilt goals and one goal down at our assemblage at 187 Broadway in lower Manhattan. The first goal on One Vanderbilt is to start vertical construction by August of 2017. As Harry outlined via the timeline earlier, we want everything to stay on time, on budget, on this project.

The next One Vanderbilt goal is to close with the JV partner Marc spoke about during his remarks in Q1 2017 for $500 million. This is a major focus of the team over the next month or two.

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And 187 Broadway assemblage, we want to commence demolition of these three buildings, actually two buildings on Day Street and one building on Broadway, and get it ready for construction. We will have more news in the coming months in terms what our plans are for the site.

And lastly, some financial metrics for the coming year. Same-store cash NOI, we are coming off a 6% increase, which, if not the highest ever in our Company history, it's certainly one of the highest. And in the headwinds of Aeropostale and a rolling out of Citigroup and a rolling out of Omnicom over at 220, we are still going to project a same-store cash increase in NOI of greater than 2.5%, which I still think will be among the sector leading results for the year. And hopefully we can do better than that.

Growth portfolio NOI, we're going to be at least $20 million. We showed you the potential of $24 million when I was up earlier. I can't say we will do all $24 million, because that would be signing every lease possible, but we are holding ourselves to roughly 80% of the total potential by saying we'll sign leases that will create $20 million of incremental revenue off that diminishing schedule of growth assets.

TRS and MCI, we will never give this up. We believe that this Company warrants the kind of share increase that is commensurate with the performance that we are executing upon the value we are creating. And we do believe in efficient markets. We do believe, A, the NAV gap to share price will shrink, and hopefully dramatically. B, we are looking forward to a very robust 2017 with a lot of earnings momentum and value creation. So, the sum of that combined with the dividend bump should, we think, get us to an absolute level of 10% or more total return to shareholders in 2017. And we certainly hope to come back this year and leave the index as we are so accustomed to doing, but which we didn't in 2016, and exceed the SEI by 250 basis points.

Debt to EBITDA, this is a metric -- I prefer loan-to-value, but we put debt to EBITDA up there because that's more of the convention. And we are going to keep that at or below 7 times. We are currently at 6.7 times, roughly 35% loan-to-value. We expect we'll stay right around that level, possibly a touch higher or lower depending on the acquisition activity throughout the year. But as Andrew said, it's expected to be mutually financed, so we would expect to be much in the same position by next year at this time.

Credit rating, we're no longer satisfied with investment grade. We now want outlook upgrades. We have this pristine balance sheet, liquidity, and coverage, and we feel that there should be at least one or two outlook upgrades this year that we hope to be able to announce by the end of next year.

And lastly, unsecured bond issuances, the unsecured markets weren't that compelling in 2016. We hope they will be more so in 2017. We have convertible debt maturing in 2017 for which we would expect to replace that maturing debt with index-eligible bonds.

So, there you have it. We will continue to set lofty goals for ourselves and are confident that we will achieve most of them. We will strive to deliver consistently superior results to enhance investor confidence. And with that proof of action, we believe SL Green stock price will rise up to converge on net asset value, logic, and the market principles would say it has to.

So, we are going to call on stage now, in a departure to year past, the rest of the executive management team who has been a part of the prepared remarks in the past. This year, we kind of tried to narrow it down, but they are going to come up on stage now and cover their respective areas for a Q&A section which will be responsive to all the texts we've received. So if you guys can come on up. Thank you.

QUESTIONS AND ANSWERS

Marc Holliday - *SL Green Realty Corp. - CEO*

Okay. So, we've got about 10 or 15 minutes. We promised we'd get everybody out of here by 1. We are right on time. We'll go right into it. And in no particular order, we'll put the first question up there. That was a cue for the first question. Second cue for the first question.

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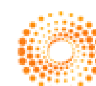

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Maybe I'll read the questions. How would you roll back -- how would a roll-back of Dodd-Frank affect the pickup in your finance book? I Guess that's the DPE book. Would you expect more traditional debt providers to come back, and would that diminish the investment yields? Alex Goldfarb, thank you for the question, a good question. Dave Schonbraun, why don't you take a swing at that?

Dave Schonbraun - *SL Green Realty Corp. - Co-Chief Investment Officer*

Sure. I think any potential Dodd-Frank rollback is probably more of a boon for New York than anything in our finance business. The purpose of Dodd-Frank was to take risk out of the system. I think, with that, they put provisions in which kind of handcuffed some of the banks, hurt their ability to be in some businesses and hurt profitability.

We know the new administration is going to re-look at the legislation, and if they prudently look to repeal parts of that legislation, replace it while not increasing risk, they can let the banks back into some other business lines, making them more profitable. And kind of the beneficiary of that is New York where you can see kind of more job growth, which there is a big benefit to our core business.

From a lending standpoint, I'm not sure there's going to be that much of an impact, maybe if they reduce some of the regulation and help some of the regional banks. A lot of the large banks are still going to be restricted by Basel, so these capital requirements are going to remain. So I don't think you're going to see them changing their complete lending business. So I think, from our business, you'll probably see possibly better dynamics in New York from a tenant demand side. But for the lending business, it's probably status quo.

Marc Holliday - *SL Green Realty Corp. - CEO*

We have a lot of questions that rolled in in the past 10 minutes, so we are going to fire through these pretty quickly so we can try to get to all of them.

Next. 11 Madison Avenue was built to support a 100-floor building. Did you see that as ever taking place? Can it still be done? Are you holding other hidden assets? That's interesting. We don't hide assets, or at least Matt says he doesn't hide assets. But Isaac, why don't you --

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Isaac Zion - *SL Green Realty Corp. - Co-Chief Investment Officer*

Sure. It is true, 11 Madison was originally designed to be a 100 storey building. I would suggest, if you have the time, to go to 11 Madison Park, one of the best restaurants in the country. There's a wood sculpture of what that building was supposed to be. So 11 Mad is fully built. However, at 1 Madison Avenue, a block south, we have about 400,000 square feet of air rights available. That existing building is 1 million square feet. Credit Suisse's lease is up in 2020. Right now, that space is intended to go into 11 Madison, but you never know. So there could be an amazing opportunity, which we are going to probably start to work on in earnest in 2017, where we have a 90,000 square foot parcel a block from a park, right on a park, Madison Square Park. So it's another rare opportunity and potentially an amazing site which could accommodate anything from office to retail, resi, hotel. So, it's another fantastic opportunity that Rob and Harry are going to get busy on relatively soon.

Marc Holliday - *SL Green Realty Corp. - CEO*

Thank you Isaac. Next question, please discuss the mark to market in 2017 as opposed to overall. Please also discuss the marked to market on a net effective rent basis. Why don't we first take the mark to market for 2017, Matt?

Matt DiLiberto - *SL Green Realty Corp. - CFO*

We put up a goal earlier, 11% to 14% is our target for Manhattan.

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Marc Holliday - *SL Green Realty Corp. - CEO*

And that's same-store NOI cash.

Matt DiLiberto - *SL Green Realty Corp. - CFO*

That space is currently occupied or occupied within the last year.

Marc Holliday - *SL Green Realty Corp. - CEO*

And in terms of mark to market on a net effective basis, I don't know that we --

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Matt DiLiberto - *SL Green Realty Corp. - CFO*

It's kind of a tough one, because, quite frankly, they have a lot of buildings. When we recycle, if we buy a building and it has occupied space, and then that space rolls, you can calculate mark to market base rent to base rent, but you don't know the concessions that the previous owner provided that tenant. I would say, on leases where we could calculate it, it would likely be better, because you're starting with a lower starting point, and we actually are more biased to renewals, which are much more efficient types of leasing because we do have a 70% to 75% retention rate.

Marc Holliday - *SL Green Realty Corp. - CEO*

I guess, more generally, if the question is trying to get at the question of whether leasing concessions are expected to gap out next year, you can sort of read that into it, I would say the answer to that is no. I would think they would be holding relatively steady because the market supply and demand I think is fairly relatively imbalanced. So, I think we're going to have slightly increasing rents with roughly equivalent types of leasing concessions in terms of TI's and free rent for next year. I think, at the very high end of the market, Steve, TI's have gapped out to close to $100 a foot, but that's for new space, new rents. And even that is sort of sporadic and far between, yes?

Steve Durels - *SL Green Realty Corp. - EVP, Director of Leasing and Real Property*

I think that's something that's really exposed itself over the last six months. So, to the extent that those higher rents, higher performing buildings are supporting higher concessions primarily on the TI, not on the free rent per se, then I think that will sort of flatline through next year.

Marc Holliday - *SL Green Realty Corp. - CEO*

Next question. Anonymous. Come on, raise your hand. That's probably an employee.

Steve Durels - *SL Green Realty Corp. - EVP, Director of Leasing and Real Property*

I'll take a stab at that. This is a double-edged sword because we review comps next week, so I have to be careful. Andrew is very strategic. He was probably the lead lobbyist for our Company to go with a no tie in August. And we're going to adopt that next year for the summer I think, so he started the momentum there.

I think you're heading for -- we've got the goods going. I'm an outdoorsman, an (multiple speakers) at heart. I think he's going for a sneaker policy, so we are going to go no tie, sneakers, and then eventually I guess just (multiple speakers)

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Andrew Mathias - *SL Green Realty Corp. - President*

It hasn't kept me from injuring myself.

Marc Holliday - *SL Green Realty Corp. - CEO*

So now the question is answered, the question was asked by Andrew. Why not compare One Vanderbilt rents to newbuildings at Hudson Yards or lower Manhattan that offer similar tenant efficiencies? Thanks. Good question. I think there's a pretty straightforward answer to that one. Steve why don't you --

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Steve Durels - *SL Green Realty Corp. - EVP, Director of Leasing and Real Property*

I think there's both Hudson Yards, like all new construction, including One Vanderbilt, makes the argument of efficiency. I don't think -- it's a bit of an apples and oranges to compare those net effective rents once you account for the efficiency of One Vandy to Hudson Yards because they are really different marketplaces. Two-thirds of the space that is traded at Hudson Yards were condo sales; they weren't leases. Those buildings are really built for very large footprint tenants. One Vanderbilt, as I discussed earlier, is going to lease up more on the smaller to midsize tenants to a different part of the marketplace.

But interesting to note that even, at Hudson Yards, where they have started on their kind of smaller space lease-up as they get to the tail end of the leasing, as evidenced by DMV's recent lease for 30,000 square feet at $135 a square foot, those rents in 2016 that are being signed are not so dissimilar for a location that is far, far away. So, to me, further evidence of how New York City needs new construction and how tenants will sacrifice location for quality product. That quality product does not exist in Midtown.

Marc Holliday - *SL Green Realty Corp. - CEO*

The next question please. There are 37 blocks greater than 100,000 square feet totaling [8.2] million square feet (inaudible) Midtown, according to Jay Leno. How does supply mute potential rent growth? It's a -- I'll take this one -- 400 million square foot market, 230 million or 240 million of which is in Midtown. So there's always space on the market. That's in the vacancy rate. The vacancy rate stands roughly at around 9% of --

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Andrew Mathias - *SL Green Realty Corp. - President*

36 million feet.

Marc Holliday - *SL Green Realty Corp. - CEO*

36 million feet of vacancy. So 3.7 million of it might be right here. I think it's of no moment. It's called part of the vacancy. If that were less than the vacancy rate, it would be sub 9 million and the rents would be higher. But there's nothing in terms of the blocks on the market that look in any way to be an aberration to us, or -- the sublet market is very low, I think about 1.5% at most in terms of sublet availabilities. That's not a lot of blocks. And when you think about the thousands and thousands of tenants in Manhattan looking and canvassing the market for space, if you quantified that demand right now, what I will call the average tenant, [1,500] feet, it would be 5 million or 10 million or more square feet of tenancies looking to occupy those kind of blocks.

So the number in many markets in the country might appear sensational. I would say that's not an unusual market, and nothing that's out of bounds with respect to our assessment that the job growth projected for 2017 should offset, and then some, the increment to demand.

The next question. For comparison, what did yields for One Vandy look like at the top three floors for traditional office use versus ob deck. It looks like the ob deck is 20% NOI. David -- I'm sorry, Rob Schiffer, why do you take that.

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Rob Schiffer - *SL Green Realty Corp. - Investments Group Managing Director*

Sure. So first I guess we look at the numerator. So, in the numerator, we've got $42 million coming from the observation deck. That gets replaced with -- because the 40,000 square feet is usable, 55,000 square feet of office rentable space, to apply a rent of $250 per square foot, that's about $15 million. So you lose $42 million, you pick up $15 million. That's net down $27 million.

On the denominator, we've got a substantial number for observation deck fit-out. That comes out of the denominator and into the denominator. It goes for TI and LC associated with that office space. So the net result is roughly 80 to 90 basis points of yield diminishing.

Marc Holliday - *SL Green Realty Corp. - CEO*

Okay, thank you. We laid out a roadmap for NYC office demand over the next five years based on office using job growth. How do you think additional tenant densification trends might offset some of that demand?

Andrew Mathias - *SL Green Realty Corp. - President*

I think the densification that's been done so far is pretty widespread. This trend has been around for 10 years plus now, so most of the leases have sort of rolled through since densification has sort of advanced among the tenant community. We've even seen tenants in our portfolio that are going the other way. They over-densified either for their occupancy or for the ability of the building's infrastructure to meet their requirements as they condense, pack their people in the space. So we don't see this as a major inhibitor to rent growth in our portfolio (technical difficulty) market. There continues certainly to be consolidation and densification in those tenants that haven't rebuilt their space, or whose leases rolled -- are rolling in the next year or two, but we don't see it as a major offset to demand.

Marc Holliday - *SL Green Realty Corp. - CEO*

The next question. Can you share what percent ownership stake with respect a One Vandy equity sale would represent? Any color on whether that's domestic (inaudible) versus capital partners. Taken in reverse order, I mentioned earlier that it is an overseas or foreign institutional investor that's purchasing $500 million of equity in the project. And if you kind of back solved as to what approximate percentage ownership stake that might be, Rob -- would you be happy to share that.

Rob Schiffer - *SL Green Realty Corp. - Investments Group Managing Director*

About 28%.

Marc Holliday - *SL Green Realty Corp. - CEO*

So about 28%, which would value it higher than the [317] that was up on the screen.

Next, was the $500 million divesture in OVA at the imputed $3.2 billion valuation? We just answered that.

Is there an intention to sell additional interest in the project? Maybe. We will see. God, that's getting quick. (multiple speakers) maybe? Maybe yes, maybe no. We will see. There's a balance between wanting to be greedy and keep as much as you can for yourselves, and being prudent, and risk mitigating or diversificating -- diversifying with JV investors I think we accomplished both via this investment. We certainly -- there is demand to go further. That was kind of the irony. There was all this concern of can you JV this? And I always say no, no, there's more demand than supply. Well, there is more demand than supply. We could sell more now. Whether we will or want to, I guess that will be a question for a later date.

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Andrew Mathias - *SL Green Realty Corp. - President*

And the investor does not have a right to upsize the $500 million investment.

Marc Holliday - *SL Green Realty Corp. - CEO*

Next question. What level of market rent growth do you anticipate for NYC in 2017? Modest, 2.5%, 3%, in that range. Everything is sort of in balance right now between supply and demand as we see it moving into next year. The only thing that could affect that, and if it would affect it, I think it would be to the higher, is what we talked about earlier, the effects of some of the change of economic direction which would affect New York City in a positive way for the most part I think, higher rates probably better overall for the banks in their earnings capacity to put money up profitably. And more economic activity, and possibly more confidence in the market could lead to a revision of the job stats by New York City. But that's my own opinion. That's not the city's position. We didn't speak to them in the past day or two, so I don't know if they are in the process of increasing their employment projections under tax revenue projections or not. But like I said, it wouldn't surprise us if that happened. But absent that, then I would expect somewhat of a balanced market next year in the call it 2%, 3%, 3.5% range, in that range.

What changes do you see in the transaction market heading to the election and then after with transactions repriced? How has interested changed since the election for foreign buyers? Just a quick one on this because I don't know if enough time has elapsed to have a good point of view on this. But Isaac or Angie, do you want to --

Isaac Zion - *SL Green Realty Corp. - Co-Chief Investment Officer*

I think, heading into the election, obviously things slowed. There was clearly a pause as Andrew, showed earlier. There's a pipeline heading into 2017, and that's I think $18 billion worth of assets on the market here in the city. The interest is still very robust. I think there might be a slight shift in terms of who the players are. Andrew noted a couple earlier -- Korea, Japan, Saudi Arabia. But the interest is very strong. I know my calendar personally for the rest of this month and into January is full of a lot of foreign investors.

Marc Holliday - *SL Green Realty Corp. - CEO*

Okay. I'm going to just quickly -- this is rapidfire. What do you call this? The lightning round. We have some additional questions that came in that won't go up on the screen, or will they? I've got one, I'm sorry. Brett, take this retail rent question about Soho please.

Brett Herschenfeld - *SL Green Realty Corp. - VP, Managing Director*

Sure. The answer with respect to Soho is minimally. As we've said in the past, we make our retail investments really dictated by what tenants -- the feedback the tenants are giving us in new locations, new markets they want to be in. So we started investing in Soho. From a timing perspective, really in 2012 with 131 Spring largely driven by customers that we have on Madison and Fifth telling us we want to have new locations in Soho. And we did our leases there with Burberry and Diesel and adidas. And we were really the ones driving rents in that market, because we were there investing with a low basis and we were investing in a rising market.

Secondly I think is location. A lot of the reports you see about rents in Soho softening are really concentrated on Broadway where they have larger, more flagship style, lots of leader stores. The tenant feedback that we got when we started investing in Soho was we wanted smaller stores, more luxury, more destination boutique stores. So, we invested off-Broadway on Green Street and Spring Street and on Prince Street. And those locations really haven't seen a softening of rents to the extent that you have seen a bit of on the Broadway corridor. And so, for the most part, minimal effect on the SL Green portfolio.

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Marc Holliday - *SL Green Realty Corp. - CEO*

Okay. The lightning round. We have six more. When would the soonest be that we could see the JV for One Vanderbilt close? Q1 2017.

After the JV, what catalysts do you see on the horizon? I'd say everything we just put up there for the past four hours. I think there's a lot of catalysts. There's a lot of leasing, new acquisitions, potential stock buybacks, accretion from the growth portfolio, and from existing vacancy, abilities to harvest gains and JV additional assets, furthering our efforts on One Vanderbilt, new development projects downtown at Broadway that was mentioned earlier. One Madison is kind of the next stage of major development effort, possibly a redevelopment of 609 Fifth which we are studying for 2018, and I mean whole host more of things, all embedded within what we saw. So I would say many, many, many catalysts for earnings and value accretion as we roll forward.

How do you think about the potential volatility in DPE earnings with the prospect of higher rates? Our rates are pretty much absolute. Andrew, I don't know if you have a --

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Andrew Mathias - *SL Green Realty Corp. - President*

It should be helpful to earnings, because so much of our portfolio is floating, and as LIBOR rises, the earnings off that portfolio increase. So rising rates would actually be good for the DPE earnings.

Marc Holliday - *SL Green Realty Corp. - CEO*

All right, the last couple here. Share repo with a question mark. Why not? We are not saying that. I think we have an approval authorization for $1 billion to do it, and I think that, as that discount is there and if the shares don't respond in a way we think is appropriate, and we see value there over other opportunities in the market, then I would put share buyback as one of the investment uses of funds that you could absolutely see in 2017. We could easily have hiked the dividend to 12%, or not. Not. Quick.

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We increased it by 7.6%, we got ourselves to the highest yield in the sector while still maintaining FFO and FAD payout levels consistent with the group, want to retain some cash flow internally for investment opportunities that could run the gamut from DPE to real estate to share buyback. I think we get a 3% yield and still maintaining cash flow is the right place to be.

Marc Holliday - *SL Green Realty Corp. - CEO*

The NIKE question, it's not correct but we can't -- whoever -- oh, it's John. Let's do this off-line because really it was a multi-floor deal, a six floor deal. So -- seven floor deal. It's wildly dramatic. It's a new deal. We haven't gotten (multiple speakers) our script together yet. There's subgrade space. There's grade space, two, three, four -- and the fifth and sixth floors is just prices like office space.

So suffice it to say the rents are indicative of what I would say is a strong Fifth Avenue market, which Fifth Avenue continues to be a strong market. Everyone says haven't rents softened? Maybe from really high to just very, very, very high. I mean the market is still very strong and robust and there is still a lot of demand for retail tendencies on Fifth, and I think this lease is reflective of it. But I don't know how to peel back the onion.

Andrew Mathias - *SL Green Realty Corp. - President*

The retail rents for NIKE exceeded our initial underwriting for 650 Fifth Avenue.

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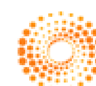

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Marc Holliday - *SL Green Realty Corp. - CEO*

Okay. So, that's that. And let's see. There's one last one here. No, that's it.

So, with that, I would like to thank everybody for coming today. This day is exceedingly important to us as a milestone date for us to share with you everything that we do throughout the year. It was, I think, an excellent year by most measures, but there is still a lot of work we have to do. And as soon as we have about an hour and a half celebration, I think we're going to go right back to it and start to work on the goals for 2017.

Happy holidays to everybody, and thank you again for joining us.

If anybody wants to go see the VR theater and didn't get a chance during intermission, there will be one more go around, including the SL Green folks here who didn't get a chance to before. You can swing up now and go check it out. Thank you.

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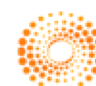

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