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PRESENTATION

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

Okay. Did you guys like that? Come on. If you don't like the big open, I don't know if it's gets better than that. So anyway, thank you very much. Good afternoon and welcome.

I am Marc Holliday. This is Andrew Mathias and we are pleased to kick off our 2014 Investor Presentation which promises to be our best one yet. I think we can all agree that there's truly no place like New York City. The dynamic work in which New York has live, work and play is what draws people to this city as demonstrated by the way that so many people from around the globe crowd our hotels, cultural institutions, restaurant and side watch, 24 hours a day, seven days a week, all year round.

It's also why the world's corporate leaders are so eager to do business here. They seek to capture and enjoy all of what makes the Big Apple so very special. In the midst of such an environment, it's a huge enormous advantage to be a local, home-grown real estate market leader and that's exactly what SL Green is.

Only 17 years after our IPO, SL Green Realty Corp today stands tall as New York's largest commercial landlord in New York City each year increasing our dominance with our expanding commercial office footprint.

In the past decade, our company has also emerged as one of the city's leading commercial real estate lenders and high-end retail and residential real estate investors. We've reached this prominent market position by building a business platform that features many of the industry's best and brightest, individuals who know virtually everything there is to know about this market who regularly uncover hidden or underappreciated opportunities and who fully understand how to create maximum value and consistently serving the needs of our tenants, borrowers and shareholders.

Because of that top organizations regularly seek to be our partners, lenders, tenants and counterparties and today, you will have an opportunity to hear from many of those industry leaders. We take our role as an industry leader quite seriously and we seek ways to positively affect the New York market in which we do our business. It starts with establishing lasting and trusting relationships with many of our peers that we began cultivating these relationships decades ago.

It then moves to becoming an active and important market participant and working these relationships to bring an extraordinary amount of creativity to capital, lease and financing transactions to maximize our opportunity set.

In doing so, we reinforce the power of our brand through thought leadership, active market participation and community involvement. The benefits of our participation are evidenced by the ways in which we improve the physical landscape of this city, create jobs and contribute to the overall vibrance of Manhattan.

The proof of our success and our approach of the business is self evident. Despite unprecedented market competition coming from all over the world, they scour the New York market for opportunities to deploy equity capital our company has grown and prospered under the guidance and stewardship of an executive management team that has been in the same quarter for nearly 15 years.

(Audio Gap)

And also I think the number one most profitable executioner of commercial real estate properties in New York City.

In a market that is both tough and competitive, we have designed a business strategy to achieve scale and profitability in the sectors of the market that we perceive to offer the best risk adjusted returns. You can see here the ones that are most familiar to you that we talked about, office, retail, debt and preferred equity, multifamily and suburban office.

These are the ones that we settled on as having the five most attractive and best attributes to earn profit, but again on a risk -- while take -- while minimizing our risk. And having grown the portfolio pretty much organically from day one, very little in the way of portfolio or corporate M&A, we now have investments in over 150 positions in these five different business segments. This is all in and around New York making SL Green a true proxy and market barometer for the New York City economy.

With almost $1.7 billion of revenues, you can see that we are still predominantly driven by our office activities although retail activities continue to drive a rapidly growing part of our business. And in response to shareholders' requests, for greater amounts of retail disclosure, we're going to provide greater visibility into our retail leases that are situated at the base of our office buildings.

So we have our prime retail business, generally stand-alone condos, 5% total revenues, but when you factor in the plethora of retail leases and positions we own around the city outside of that prime retail, then the revenues grow to 10% and the share of Manhattan -- well the Manhattan office revenues to our total dropped to 72%.

So you can see clearly there's a direction we're heading in where (inaudible) market, but we want to be diversified in the best sectors within the market. So if you take sort of a future trip where might SL Green be in three to five years in these different segments, I would imagine the segments will look pretty much the way they do now, but you probably will see all retail accounting for almost double what it accounts for today.

Maybe 18% of our total revenues, debt and preferred equity about the same, multifamily slightly larger aided in party by one of the announcements you saw this morning on the Stonehenge transaction which David Schonbraun will be up here later today to discuss. And also as the pie gets bigger, suburban will naturally shrink unless we add to that inventory.

So that's a little bit of a look forward by executing a business plan that looks kind of like this. And we try to distill everything we do into as few words as possible so people can take away where the focus is going to be over the next several years, where it's been over the last couple of years.

And you can see that for the most part, it's still for us about acquiring at value office buildings in the right locations, leasing them up. And then when their growth gets to a normalized growth rate below the trend line, we harvest those properties. We did a lot of harvesting this year. We will do so again next year.

There're also the retail properties, you're going to hear a lot about from Brett Herschenfeld today acquiring these prime retail projects in the high traffic markets along with the multifamily assets that David is going to talk about and the preferred equity book.

But on top of that, we have got development pipeline and imbedded rent, so there's organic growth, there's external growth and all of that is going to be the focus of today's discussion.

Financial metrics, (inaudible) that, we've been focusing on and continue to credit liquidity, debt to EBITDA and all the rest, leverage ratios have been steadily improving to the point where now we're double investment grade rated. And the general theme in all of these business lines and for all this strategy is we want to either be or become the dominant player in the market in all those different business segments.

So along those lines, we didn't want to disappoint this morning, I hope we didn't disappoint by wrapping up what was an onslaught of eight different announcements starting from last week and culminating this morning that had a little something for everybody.

There was a little bit of leasing, some retail, 1,745 office acquisitions, Stonehenge growth into the multifamily arena and big JV partner in a deal we just purchased which we'll talk about the enhancement of yields with that JV with Prudential and some internal C-level office wee changes with Matt's oncoming ascension to CFO, Maggie Hui was just named CAO of the company and a little dividend increase for those of you that care about the dividend.

So we did put a lot of effort into making sure we put an exclamation point at the end of this year. Hopefully that shows throughout today's announcement. But now, the question is going to be what drives growth going forward?

And we're going to -- Andrew and I are going to take turns here at showing you guys the top 10 drivers of growth coming up. Because if there's one thing we've learned after 17 years, whatever we did as of three hours ago is kind of forgotten and everyone is just going to care mostly about where we're headed and what's going to drive that growth going forward.

So we're going to condense it. Andrew is going to kick it off. And hopefully at the end, it will be pretty apparent how we're going to keep this high level of performance moving forward.

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

Okay, thank you, Marc. Good afternoon, everybody. Without further ado, number 10 is development pipeline. While SL Green is very well known for our major project in One Vanderbilt which you're going to hear a lot about later on today and One Madison is a little bit far off in the future to start talking about the immediate returns on that project.

I wanted to highlight two assets we purchased this year which we think could be meaningful contributors to growth over the next three to five years. The first is 760 Madison Avenue. We purchased the leasehold on this property which is a short-term leasehold. It has only about 10 years to run or 13 years when we purchased it as part of the DFT transaction.

We got some terrific residential and 724 Fifth was part of that transaction, a little throw in with this leasehold up at 760 Madison Avenue, 65 Street. We allocated very low base as to this leasehold. The fee position was owned by a New York family. It seemed like the kind of position the family would have in its possession for generations.

But this summer, our efforts to unlock that fee position and approach ownership and develop a relationship came to fruition. We were able to actually preempt the full marketing process and really use our leasehold position to give us a leg up and enter into a contract to acquire the fee interesting in this property.

So an affiliate purchased the fee. We now control through affiliates the leasehold and the fee interest of this prime corner closing in July. The opportunity here is really reevaluation of mark-to-market wrapped around the development.

FMV revaluation coming up in 2015 may give rise to a significant opportunity with the sub-tenant, where there's sub-landlord, there's a sub-tenant on the site where there's a significant mark-to-market opportunity. Our rents from this site today total around $4.5 million and as redeveloped, we think the rents on this site or the annual net could be anywhere from $18 million to $25 million depending on the ultimate development plan.

This is obviously a significant opportunity and you have an amazing confluence of users here. You got one of the most highly desirable retail corners in the city, 65th of Madison with 100 feet of frontage on Madison and 90 feet of depth. And a residential or hotel opportunity upstairs in one of the hottest residential markets and a very desirable hotel market, so picking development mix will be one of our significant jobs here.

The site today as you see, Giorgio Armani's flagship is on the corner. We own two residential buildings directly to the west of the site and we own another retail building to the north of the site which likely wouldn't be part of a development because it's long-term leased.

The massing for the site allows for 15 storeys. This is all in a landmark historic district, so this will require the approval obviously of city agencies whatever ultimately goes here. But you do have a significant retail footprint of about 9,000 gross square feet and then a potential to add significant bulk on top of the retail.

The potential future, this is taking the massing, converting it into a rendering, non-architecturally, what the final product will be, but just what it could look like would be prime retail flagship at the base and then alternate use either resi or hotel likely on top, so a very exciting development on a terrific corner in Manhattan.

Moving on, I would have Madison about as far as it can go, we also this year purchased a site in Gowanus. Gowanus is in Brooklyn. Steve spoke before the presentation here about what's going on in Brooklyn, a lot of the developments out there. Gowanus has this very amazing location between exploding neighborhoods, Park Slope, Carroll Gardens, Cobble Hill, getting some of the highest residential prices in the city, enormous population influx, a lot of new developments, a lot of new people there.

And Gowanus sort of fits in the middle underdeveloped due to outdated zoning, due to environmental issues which we'll talk about and it's sort of the last remaining Bastion right in the middle of Brooklyn.

What we purchased, we purchased a Verizon parking lot. It's obviously huge. It's a lot of bulk, almost 250,000 square feet. There's not much there today. It does sit across from the brand new Whole Foods which is new construction. This store is doing over $80 million of sales a year as reported and then you can see the canal sort of running, looping around Whole Foods and around our site.

The project here is a mixed-use development. We have big box of retail as of right at the base. We have commercial and community facility uses as of right above the retail and then residential is something that's been pursued in Gowanus on a spot zoning type basis right now, but the city is looking into rezoning a lot of the area to change the use and get more tax revenue out of the area.

So it is directly across the street from the new Whole Foods located in the center of this area. And the canal is designated as a super fund site getting $500 million of Federal state and local money and it's going to be dredged, cleaned up and could ultimately be a real amenity to this area which is Brad Lander who is the New York Council member's vision and his bridge in Gowanus' plan which he just introduced.

We bought it. We closed in October. We bought it in joint venture with Jared Kushner who used to be an intern of ours, so it's good to see interns circling around and partnering with their teachers. But Jared Kushner and another Brooklyn specialty company called LIVWRK. As I said it's 279,000 as of right square feet and the potential square footage with a full rezoning and a (inaudible) process could be as much as 760,000 square feet.

The as-of-right massing here, you see retail at the base and then community facility and office space above it. And the vision for the property as seen from a cleaned-up canal, you can see why people get very excited it's sort of an undeveloped New York City waterfront and our property sits in a prime position on top of it.

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

Okay, so clearly, the development pipeline consisting of those two properties and others that take a little bit more time to incubate but those two being very real near term, we look at a siege of growth for the next two to four years for stabilization. And I would say the next most interesting data point for why we think this market has a lot of legs to it is just some of the job growth statistics which you may have heard about over at lunch.

But just to give it to your pictorially, there is population growth from 1980 which was 7 million residents up -- over 8 million residents today and that projected growth is about 5% over the next 10 years or basically another million people. So a lot of people talk about a million new residents in the city over what period of time, very compressed going forward. It was elongated prior to that.

We don't know the answer, but we do know when you see some of these other statistics, the job growth statistics are increasing at a clip that would lead you to believe this overall urbanization effect that you see in New York City, a lot of the suburbs and exurbs moving in and also a lot of attraction for foreign people who are, if not making permanent residents here are making temporary residents here and all of it is set to push this population statistic higher which in turn, in part is pushing this total employment statistic where we've added 350,000 jobs since the [thwart] of the recession.

We now have over 4 million total employees in New York City. It's a staggering number. It's growing quite rapidly. Like the population growth, it's pre-directed to grow further to strip out the public sector and just look at total private sector employment, we're getting closer to what we care about most. And you can see it's even more pronounced with 381,000 private sector jobs added more than the slide earlier, because government is actually contracting in terms of jobs while private sector is growing with projections for that number to grow by about 80,000, 90,000 to 100,000 jobs year over year in '15 and '16. And that's consistent with the rate of growth we have seen for the past several years as you can see on this chart.

So now, we get really to the meat of the matter and look at office using employment, subset of the private sector. And there, you can see for the year, we're up about 20,000, 22,000 office using jobs year to date. Probably we'll finish the year at close to 25,000 jobs projected at 200 square feet per employee average. That's 5 million square feet of organic demand for office space in New York. I don't know if any other market that has that kind of natural growth progression to it and you can see, again, that's not a new phenomenon. That's been the case since 2010 just steady growth which is projected to go further which is creating the demand which is why they can see overall Manhattan vacancy has now dropped below 10%, 9.7% and expected to go to a landlord's market next year.

When you drill into the sources of that employment structure, you can see that since 1990, over the past 24 years, there's been a change in the character of the employment base with education and health up nearly 50 -- over 50%, so that's the quiet contributor.

It's a lot of focus on [Tammy] and tech and all the rest, but really when you get down to it, in my mind, there're two major engines of current growth and that's education, health and professional business services, which we'll go through in a second.

Financial sector has been contracting in part because of regulation, but also in part because I think they become more efficient and smarter about how they use their space. That contraction has leveled off. There's a slight bit of growth. And I think you're going to hear today from some of the people we have lined up for you to hear from about the potential for financial sector to be a rapid contributor to growth like these other sectors going forward.

And as I said professional business services kind of the bread and butter of our business, law firms, accounting, consulting, media, advertising, it's all right here and is up there about 25% in terms of total growth.

So if you just look over the past year when I talk about office sector jobs, I'm really talking about three of these sectors and that's financial, professional and information. This is how the Bureau of Labor Statistics brace it down. There's a lot within those statistics, but that's your 22,000 job growth.

But you can leisure and hospitality, education and health and retail are just booming throughout the city. So there is ancillary and trickle-down effect even if it's not direct office users. There's also taking product off the market. Education and health maybe classified differently, but they are buying buildings, adaptively reusing buildings. They bought 673 First and they're growing exponentially, NYU's project downtown, Columbia's project on upper Manhattan and West.

So that is, I would say, gives us the right template around which to execute our program within this great engine of growth in New York City.

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

Number eight, liability mark-to-market. As we look at growth in the future, we decided to take a little future trip and see what happens if people are wrong on interest rates as they've been.

So if you take a look back at the LIBOR curve as of 2010 and you look at where it was projected to be today as we sit 2010 out of 4.72%, we sit at 0.15%, 2011, 3.59%, 2012, getting a little better 1.2%, 2013 closer still 0.475%, but still almost three times off the current rate. And even the beginning of this year, they were almost double what the actual LIBOR is in terms of the curve, so people have this tendency to presume big increases and rates that have been materialized.

If you look at today's forward LIBOR curve, some may say that the street, the buyers and sellers haven't learned their lessons. What makes this curve is the big and the asked and this means that people's view is still a rapid increase on rates between 2014 and 2016.

Some of the luminaries out there are some of the guys that know a lot more about fixed income than I do have some quotes out there. Larry (inaudible) expects that bonds, the long bond or the tenure may take back below 2% in the near term.

Bill Gross points out that all the Fed has basically once QE is gone as the policy rate and he expects in the (inaudible) policy laid low for long, long, long time. And if you look at the world's view of our monetary policy, this is from the internet. This is not our cartoons, but you see [Janet] with the printing press, Janet with the helicopter, with Greenspan flying it and [Bernacki] loading it.

And you see Janet winning the gold medal of money printing with a dog urinating on the podium for some reason. I can't figure that one out. But anyways, relating it back to SL Green, our outstanding liability stayed total around $4.7 billion, the average current interest rate in our portfolio 3.9%, current interest expense of about $183 million.

The mark-to-market interest rate at today's rates and today's spread is 2.96% which would be an interest expense at about $138 million, so if rates do stay low and Matt and Jim have instructed me to point out, our firm stance is not the rates will stay low indefinitely. I'm just saying it's been wrong so far, Jim. If rates did stay at today's levels and we rolled those liabilities to market over the next five years, you'd be talking about $44 million in annual interest savings at the end of those five years as we rolled it down. And that's a run rate going forward number.

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

Okay, so mark-to-market, there's -- we're obviously in a fortunate situation of having expiring debt at above market coupon that's currently marking down and that trend will continue. Our next sort of again under -- maybe under appreciated engine of growth, OP unit currency, I don't know that we have done an effective job of communicating just how do we do all the business we do off market, direct, preemptive, a lot of it is relationship, a lot of its 300 people that focus on one market and know every deal either on the lending or the equity side.

But part of it is being able to get creative, very smart and using OP unit currency to solve sort of complicated tact issues for families that have owned real estate for generations and generations. So when you look at the volume of transactions we've done, we talk about it. I don't know if we've ever summarized or at least not in this fashion, you can see that there're 16 deals up here which aggregate over 10.5 million feet. If you strip up Stonehenge, it's still 8 million feet.

In the portfolio, that is a direct cost of our utilization of OP units in every one of these deals where people are willing to trade their bricks for our paper because there's reputation, there's relationship, there's track record and there's credibility that we've built up with our relationships.

Every one of these, I'm not going to go name by name, but every one of these, there are people, families, brothers and sisters and state planning and people who generally will never take paper for their real estate except they have in the case of us. And it's not by coincidence.

That's by a very deliberate program we initiated 15, 16 years ago with our OP unit presentation, our tax advisors to go and to get people comfortable and get people excited about becoming a SL Green shareholder either preferred or OP or common OP and enjoying the tax benefits, enjoying the yield, enjoying diversified investment, enjoying the liquidity, the transparency, the lack of headache of management and then ultimately the upside. So this has been pretty powerful.

So dollars, certificates a lot of these people look at them indifferently or maybe even marginally better with the SL Green stock certificate.

The transactions have a valuation excess of $5.5 billion. We've issued currency that had an initial valuation of $341 million. And we have a pipeline of transactions built up going into 2015 where you will expect that list to continue and I don't know anybody else really who can crack into that list because it's either an outright sale or I think it's an OP unit sale with SL Green.

I haven't seen many people in this market recently as in the past 10 years taking OP units of otherwise. So that is something that to keep in the back of your mind. When people ask on the residential side, how do you expect to make any end roads in a competitive residential market, I forgot the person who asked the question. It was one of the great one to put out there for this one.

But there was somebody who was a little skeptical we'd be able to acquire anything in the residential space. And I said, OP units are going to be effective because residential in particular is a generational asset that gets financed out and we're going to make end roads here.

And I think there were some skepticism, but we've done about four or five deals since the biggest one notably today, I think that had bore out that competitive advantage.

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

All right, number six, SLG next gen management. I think as you heard from Steve and the talk before, the presentation, we have built up a very deep bench of employees. And these guys are loyal, they're hard working, they're terrific and they generally have a lot of tenure in the company.

So we figured we just give investors a flavor for the guys they don't see on the frontlines presenting, but the guys who are really driving the transactions, driving the developments, driving the growth in the portfolio.

And if you look at the tenure beneath these guys, you'll hear from Brett and Rob later today, a lot of these guys have been with us a long time and a lot of these guys stay with us. So they share our personalities, they share our drive, they share our goals of being the best in each of our respective business lines. I see Maggie here. This printed promotion was announced on Thursday. And retaining this people, continue to motivate these people and continuing to reward these people is a big focus of ours because they are the differentiating factor in our returns. So just to give you a flavor of some of those folks.

Just to add that a lot of those folks are in the back today. I see standing in the overflow section. So I hope you get chairs because you guys are loyal, but you don't have to stand through a four-hour presentation. So anyway, my hat's off to all of you who worked hard in this fantastic year and putting this presentation together. Thank you.

Number five, driver of growth going forward, the one that I like the most because it's sort of the easiest. It's rolling rent to market, through organic rental growth within the stabilized office portfolio.

So right now, we're just dealing with a small segment, not so small, but a segment of the portfolio which is stabilized office, not growth, and not retail. And only that which is rolling over every year. So you can see the office lead's role is off top, shown to be anywhere between 7010,000 to as high as a million-seven, over the next five years. We stripped out of that, the growth portfolio, we're going to talk about that separately, that's the higher growth, non-stabilized asset, so strip that out, and you get to net stabilized role which looks like this.

These are the escalated rents in every year for this rollover. So don't draw any comparison from year to year because the number, the escalated rent relates solely to what's expiring in a given year.

And you can see those, escalated rents are 53 today, pump up to 60, down to 57 and rise up into the high 60s.

We have a market rent that Steve Durels had described. Steve being Steve, they're generally pretty damn conservative, more conservative than we like them to be, but those are the rents.

And we have a growth on those rents which are averaging 4.2% a year, okay. That's our base case. And you can see what our embedded mark to market is, 13.2% average, that's actually a little lower than what we experienced this year. And the generation of $39 million of incremental, I guess that's incremental revenue, just by marking these leases to market, with that growth rate. And the capital associated with it, which his fairly modest which is why I always say, you make your money on your second generation leases.

But maybe we won't grow it 4.2%. I always like to take the optimistic position first, so maybe we'll grow it 5.7% compounded. That's basically it in 2% a year for four years divided over five years. So it takes the five-year growth rate to 5-7, up from 4-5. And that results in $54 million of embedded growth with an average of 18% growth. So relatively on the high end, that's rates continue to accelerate as they can see shrinks.

On the other hand, you can go to the other direction, and drop the growth to 2.6% per year, in which case, the average growth is under 10%, but we still have embedded $26 million of NOI growth.

So we don't know exactly where rents are going, you'll see some of our guidance at the end of the presentation, but it's pretty clear to us that whether it's in the range of 2.5% to 5.5%, there's a lot of embedded growth that's coming out of this portfolio which is one subset of our growth going forward.

All right, number four, the retail platform. So Mark spoke about it a little at the top, that show -- you know, we did a reorganization, took the retail from the base of our office buildings, and shifted over to our prime retail portfolio, aggregated those together, and put them under the direction of Brett Herschenfeld, he's the Managing Director, you'll hear from later today.

And through the combination of prime retail and other retail, the aggregation becomes total retail. We have 58 locations, 1.9 million square feet. 13% of our cash rental revenues and we own properties in a lot of Manhattan's most desirable retail destinations with terrific tenancy. And we're looking to build on these logos and build on these areas all the time.

The base of our buildings features some great retail, you see 1515 Broadway here, you see 625 Madison here, and then we have some terrific standalone retail as well and so host some of our new properties and Fifth Avenue Gold Coast.

What is driving our demand to retail, what's driving retail rents? It's really pretty easy to go through the statistics to see why New York City has been performing so well. Record tourism leading to record hotel room occupancy, leading to total retail sales, the development of upward trend, really even through the recession almost, and -- expected to top out at $70 billion this year.

And all these dynamics, tourism and hotel rooms and retail sales, are leading to retail rent growth. So if you take a trip back to year 2000, 15 short years ago, and you look at the asking rents in these four prime submarkets, and then you look at the asking rents today, and you look at the compound annual growth rates from 2000, to today, in these submarkets, it's pretty staggering. And these are rents that are getting achieved on fifth avenue, achieved in Times Square, made a major lease announcement today, you'll hear about later on, Sketchers in Times Square, and achieved in all of these different submarkets.

How does this impact us, getting back to Marc, sort of mark to market? He did the office, this is the retail only. We expect that the surge in retail rents will continue. And our near term vacancy and our turn over is going to benefit immediately. So when you factor in the future mark to market and the in place leases, as a whole, the portfolio is 107% below market, so less than half of today's market is our in place rents. $164 million of total mark to market accretion, as a part of the total portfolio, and about 65% of that total, over $100 million, is set to occur in the next five years. So over the next five years, you're going to see significant mark to market growth on our retail portfolio.

Okay. So staying on the theme of growth portfolio, let's look at the high growth portfolio, as opposed to the stabilized portfolio that I talked about earlier.

And I'll bring up a slide which is what we presented a year ago when we were at this conference, of properties we had purchased in '10, '11, '12 and '13. And this formed the core of what I call high growth assets. But during the year, we were active, so we sold three assets, 180 Broadway, 180 Maiden, 747 Madison. And then we've stabilized, as of the end of last year, I think it's two or three other assets, and those go -- so you have this reduced portfolio, but in 2014, we added a lot.

So from this old growth portfolio, we have growth portfolio [2-0] which looks like this. And you can see, we have a whole new crop, if you will, of assets that we're going to be focusing our efforts on to contribute future growth down the road. Those are all 2014 acquisitions that have closed. It doesn't include as best, I can tell, that which we have contracted for, and haven't closed.

And that is what this portfolio will look like in terms if you're stabilized. You can see that the earlier purchased assets are 14, 15, 16. The ones that are more recently purchased are 16, 17, 18, further out. And in all cases, getting to stabilized cash on cost, total cash, divided by total cost, that is well in excess of [occurring] cap rates, well in excess of our underwriting thresholds for these different asset classes.

You can see, generally, these are in the 7% to 8% range, and some of the more mature assets in the -- well into the 7s, 8s and 9s. So there's a lot of embedded profit in this growth portfolio that either has been achieved in which case, it moves to stabilize, or will be achieve in the near term.

And in terms of creating the value, not when the NOI clicks in. That's an accounting metric as to when we'll start to accrue the income, but in terms of when we sign the lease and created the value.

You can see here that in 2014 by year end, we'll have stabilized 125, 110 East 42nd, 1515 Broadway, and Spring Street. So that will move to the stabilized portfolio next year. And we're about, I don't know, somewhere about 40% on the way, on average, with the rest of the assets.

Then you've got -- well, 2014, just to finish out, that's $33 million of incremental NOI creation.

Then in 2015, you've got another additional $35 million of NOI creation from the assets you see up here that are brought to stabilization 2015. And then finally, you have sort of the longer dated assets, 16 and beyond, which will contribute $56 million of NOI creation.

So again, every year, [that clips] off the older ones will contribute less and less as we realize NOI along the way. But in total, that's $125 million of NOI with the only caveat being, it doesn't include the stabilized portfolio growth I mentioned earlier it does have overlap with Andrew's retail portfolio to the tune of about $52 million. So you see there's retail in here, there was retail in the numbers Andrew gave. I think it was $100 million over the same period of time.

So the 125 and the 100 is $52 million of overlap. But for that, here's how we see it programming in, and you can see that the execution of our strategy is always to buy assets to keep focusing on the future because truth be told, a lot of 2015 is kind of [bait] because we plan it that way, not because of the market, or not because of anything else, it's just how we run the business.

So we're really focusing on 16, 17, 18 in terms of NOI generation. If we haven't done it already for 15, I haven't done the job. So that's it for the organic stuff.

All right, number two is capital flows. And it was another [banner] year in the transaction market. As you can see, we're on pace to almost approach $45 billion of Manhattan investment sales volume.

The red here represents what's in contract. We expect about $5 billion of that to close this year, but we counted for the chart when it's actually in contract, non-refundable, not when it actually closes.

So we think it could top $40 billion this year of closed deals, really getting back up in the area of [pre crash] and instill a much more conservative debt environment than we saw in these years. So a lot of equity coming into the system.

What does that mean for cap rates, what does it mean for prices per foot? This will be the second straight year that the average price per foot of mid town class A pricing is over $1,000 a foot, a very key benchmark for us and for the market. And you can see cap rates versus a [10-year UST], cap rates ticking down again this year in a fairly meaningful way from around 4.5 -- to around 4-4 in a quarter and a 10-year -- pretty flat.

The buyer profile -- who is buying these assets? The take away, I think is that, the foreign buyer had a little bit less of a role in 14, than it did in 13. As you saw, REITs really pick up a lot of the [flack], it's 16%, you saw private capital pick up some of the flack with 3% growth and the foreign capital generally chases a larger asset. And you'll see on the next slide, they did still play their part in the larger asset sales. But a lot of what's driving that unbelievable volume of transaction, these smaller assets with foreign capital, really doesn't factor. And you saw a big pick up in opportunity fund volume and sort of domestic capital volume in the smaller deals.

Here are the larger deals from the year; the most recent being 10956 which was a big foreign pension fund purchasing, Blackstone bought 1740 into a new core fund they raised. So that's another trend we expect to see continue into 2015. A lot of the big money managers have been out there for the last 6 to 12 months raising core pockets of money. They understand that the opportunistic is really not -- those types of deals available in Manhattan, at least on underwritten basis. So they've gone out and raised enormous pools of core money with a much longer hold period, and a lower yield expectation. So we expect to see those guys play a big role in the 2015 market. but you do continue to have you know, overseas capital, domestic capital, sort of everybody chasing high profile Manhattan assets.

Okay, so to sort of end on this note, we're going to look not so much at revenue growth, but we're going to look at sort of embedded NAV for those that follow that metric. And talk about discount NAV with the stock price where it closed out on Friday at the end of trading.

On this sort of boiled down version of an NAV analysis, we have just shy of $22 billion of total enterprise value. And we've taken a reasonably good shot at trying to come up with you know, reasonable estimated values for each of what I'll call the non-core components of the business starting with suburban properties which does include 16 Court Street at a billion-one, residential and retail properties which we've mark to market, just to today's market, not future growth, based at around $2.2 billion, development properties which includes some big ticket investments like 280 Park is in there, and others in the development pipeline of about a billion-nine. And then we took our preferred equity, (inaudible) preferred equity book at 1.25 times book, which is pretty much the average of about five of six publicly traded debt companies at the more established end of the scale have a -- [freedom] to book of about one in a quarter and that's -- we apply to I guess a book balance of about a billion-four or so a year, a billion-three, a billion-four.

And then there's other assets which includes 388 Greenwich because of the purchase option we look at as kind of locked, some fee interest we own, and additional [rights] and cash. You get down to $11 billion of residual value that's kind of spread across our New York of Manhattan -- I'm not going to -- don't advance that, please.

Our Manhattan assets -- and that derives a cap rate of $505 and $682 a square foot which I think flies sort of directly in the face of the analysis Andrew just went through on capital flows, big midtown core property pricing, and the like which we think is well below that. So we sort of do some sensitivity and extrapolate that out and show what it would be at 4.5%. And that results in 765 a foot, it's a multiple of [20 to 9], discount to market about 6% at a 133 price. And we can just take this wherever we want to do down to four in a quarter. 810 a foot, 140 a share, 24 times multiple, 11 times discount to book, 11% discount to book, or to use what I would call the spot market for cap rates today, four big assets in Manhattan, 4% 860 a foot, almost $150 a share, 25% multiple.

So the other way is not just looking at cap rates and price per foot, but how does it stack up on a multiple basis. Our current multiple is about 20.5 times, we vary that multiple between 20.5 to 25.5 of the 5.83 which is the 2014 -- $5.83, 2014 FFO. And you can see here on this multiple chart where we took one, two three -- four, five -- six expanded list of REITs now doing business in New York. And you can see on an FFO basis, or an FAD basis, or an EBITDA multiple basis, our multiple is [10 to trade], at the bottom which we think ties into the fact that we think the cap rate and implied price per foot is a bit high on that -- or implied cap rate high, price per foot low on the prior slide. And we think that rationalizes in our mind an ability to have some multiple expansion specially given the extra ordinary amount of embedded growth, organic growth in pipeline which really isn't captured in that NAV analysis.

So that sort of brings us to the summary of what we felt were the 10 main points we wanted to get across today. And I'm happy to report we'll now begin the presentation.

So we're going to -- you're going to, today, hear from about 15 or so industry leaders that we've conducted various interviews with, along with our management team who's going to hit further into these areas, you know, deeper dive to add some -- after that analysis of the growth and they were also, as they were doing it, be showing how it tied into our 2014 goals and objectives and talking about -- so the 2014 scorecard and how it relates to 2015 and beyond in terms of setting new goals and objectives.

So you're going to be -- introduce Steve Durels, Isaac Zion who are going to come up here, talk about the leasing market, you're going to hear from some pretty intelligent people other than this group here so we can mix in and won't bore you guys too much.

And with that, enjoy the show, there are seven open seats here for the new shareholder or -- in the back in the overflow section for -- empty seats here. And we are going to take an intermission at around 2.45, 3 o'clock, [first time]. So we're going to break it up and so just gauge that accordingly and enjoy.

Thank you.

[Young & Rubicam] was at 25 Madison Avenue for over 85 years. In a space and a building that defined Madison Avenue, it defined the industry, it defined advertising. And the problem was, it hadn't been built for the type of collaboration, for the type of openness for the infrastructure, the [excellent] infrastructure that's required to run a business today.

And we just realized at certain point, we had to get out of there. We had certain rules, we wanted to be on main subway lines, we wanted to be near hubs of transportation and that sort of originally drove the space after space after space but nothing that we really liked.

Then when we got the call come to (inaudible), I almost laughed at like how are we going to get an office on this circle, it's crazy. We came into this -- and literally fell in love. And so we needed to work with somebody who had the ability to do a deal like that with us where they could handle as much space as we could, lease us the rest of the space, and in the end give us enough of a blended deal that it was affordable.

And so that was one of the reasons that we liked working with SL Green. And with Marc, because they made it -- they had the wherewithal to make that deal happen. I don't know if you've been outside. If you noticed, there's a plaque right in front of the building, it says Madison Avenue West, which is what we've nicknamed this space. And we turned it into exactly what we wanted. And we're very proud. We won an award for best design space in New York last year. And that's exciting. I mean it was amazing that we were able to do that.

So our entire Board of Directors is in San Francisco and so people thought we were going to go there. We chose New York because it made sense to differentiate it, there's access to talent, little less competition for engineering talent (inaudible) always getting worse. But also, I just thought in terms of attracting people who want to work in an urban environment as opposed to the suburbs from Silicon Valley. This was (inaudible) engineers and they like it.

I love the space layout there, the seat, windows, the tall buildings, the fact that the landlord was investing in the space and they had a vision in terms of what they were going to do in the common spaces. And so it's a good compromise. People from all over the city can get here. And we thought we were getting in at the right timing and it was going to improve.

So we initially took two floors in this building, and we built that out. And as I expected, we continue to grow, add more employees who were in other locations, we're going to move here, so now, we've taken another six floors, so we continue to expand and we took up more of the space than we expected, but it's good.

The open spaces, specially the roof was very exciting and fun for the people we're hiring so when we actually showed them plans when they come in here, how the building is [going about], they love the space when they see it, but we say, wait, that's not all, let's show you more what's coming. And so that means a lot when you're hiring people who are either creative people, software designers or web designers, we have a lot of those here, they care about design and the space. It's a recruitment tool, and it's also a customer tool because they are trying to get an impression of a new company that's been reformulated, a new management team, and they walk in a see this, that gives them an immediate impression that these people care about design, they care about openness and transparency, they work together as a team, there's no offices, everybody is in open space, so it communicates a lot right away.

Now we have a great relationship with SL Green, we're very pleased, everything they told us they were going to do, a lobby in the common space, and a [roof] space, it complimented what we were doing.

Steve Durels - ***SL Green Realty Corp - EVP and Director of Leasing***

Well, I can tell you, happy tenants make a happy director of leasing. I am Steve Durels, I've been with Marc and Andrew since the beginning of time which by my measure means shortly after IPO. Since that time, there's been tremendous change and improvement of the company. And one of those improvements has been the quality of our tenant base.

56% of our Manhattan occupancy is by financial service or TAMI tenants. And as you can see on the right side of this chart, over 10 million square feet of our 26 million square foot office portfolio is occupied by 15 [A-credit] tenants. And of these, we've recently negotiated long term extensions with Citigroup, Viacom, the City of New York, Random House, CVS and Metro North.

One of the things that I'm particularly focused on, is ensuring that we continue to look well down the road, and managing the portfolios in this rollover schedule. Not only to unlock value through the early renewal of leases with below market rents, but to also minimize our exposure to any one year with a disproportionally large amount of square footage becoming vacant.

2015 has limited rollover due largely through our successful renewal of Viacom's 1.3 million square feet three years ago. We have only a few significant leases expiring next year, the largest is Ketchum, a division of Omnicom, with whom we're currently trading proposals. These 10 leases cover almost 50% of our total 2015 expirations that have approximately 9% of embedded mark to market. Rest assured that not one of them will get out of the portfolio without a fight.

We ended 2013 with same store occupancy at 94.4% instead of goal of achieving 96% occupancy within the same store pool of buildings outlined last December. We'll succeed with that goal and end 2014 with 96.15 occupancy. This is our first thumbs up on the goals and objectives list.

Even better, we expect that next year's occupancy will increase to 96.8% which is very close to full lease up when taking into consideration structural vacancy.

Next, let's turn our attention to the current leasing environment with some senior broker observations from the field.

We're on a great trajectory, rents this year have gone up 5% to 10% on an asking rent basis. And we expect the same to continue in 2015. There has been a spike in net effective rents.

Net effective rents have gone up 15% alone this year, but if you compare it to 2012, it's up 30%. And we continue to see that trajectory, so concessions will continue to tighten up.

The drivers for leasing today have been three-fold, recruitment, and retention. Greater efficiencies have been of course, important, and state of the art space. As this market continues to tighten, which it is, demand is growing. The TAMI sector obviously has been a great driver of the growth in this market place, financial services is starting to come back now as rent inventory issues are beginning to get calmer, the European situation is beginning to ease a bit too, so we're beginning to see more growth in the financial services.

So we have financial services improving, we have a tech market now adding great growth, only creating greater demand, the land lords in all the office buildings. SL Green is one of the more sophisticated land lords when you get to the table. They really understand what a tenant needs, it's desires. So while they're very savvy and respected in negotiating a deal, they also want to get a deal done. As a result, they do a lot of leasing in any given year. It's becoming more of a land lords market as rents continue to improve, 5% to 10% this year, 5% to 10% next year, so you can get a land lord to a table with a tenant who's got a lease coming due, three, four, five years out. It's advantageous to both sides to do something today.

Steve Durels - ***SL Green Realty Corp - EVP and Director of Leasing***

Well, as [Tara] indicated, the leasing market has been strong throughout this year and continues to gain ever greater momentum. Some key statistics might be helpful to understand the trend line. 2014 new leasing activity is well ahead last year with 27.4 million square feet leased year-to-date versus only 25.7 square feet leased in 2013.

There's been a wide diversity of business types, leasing space, led by the TAMI sector with 40% of leasing activity followed by financial services at 19%. Certainly we've seen significant activity from financial services with a number of notable leases at 280 Park Avenue which is leased exclusively to the financial service industry.

There's been over 5 million square feet of net absorption years to date. Mid town availability is down some 10.9% versus 12.1% this time last year. There are fewer big block availabilities, there have been 51 leases signed at rents greater than $100 a square foot, compared to 34 leases at the same time last year, and sublease availability, remains a non-threat, at only 1.9%.

Next, I'd like you to hear from another one of New York City's leading brokers, and in this case, a broker with particular insight to the financial services industry.

While the upticks have been fairly dramatic, so we have three different market segments, you have midtown, midtown south, and downtown. Midtowns vacancy rate has dropped, it has positive absorption. Down town, very positive absorption, and a fairly significant spike in asking rents, and mid town south is off the charts right now with an increase of average asking rent of almost 15%. The land lords market is typically 9% availability rate. Currently, we're at 10.6% in midtown, roughly 11% downtown, and in fact, closer to 9% in midtown south. So that could be construed as a land lords market currently.

When you look at the big users in Manhattan, you have the financial users, and the legal users who are typically the two top which have historically been the drivers for the last 20 plus year.

What we're seeing now is the emergence of healthcare, technology, and media. Midtown I think is going to have a more traditional look, you have the financial firms that are moving along. I think we will hear by the end of the year some significant recommitments to midtown by the large financial firms. Financial tenants have spent the last -- since 2008, re-gearing and downsizing their occupancy. They've suffered some serious blows, they have suffered a great deal of regulation that has come their way from Washington.

This has all been incorporated into their game plan and what I predict is what we will see over the next 24 to 36 months, is the re-emergence of the financial and even maybe the legal sector as real occupants that are taking expansion space.

Steve Durels - ***SL Green Realty Corp - EVP and Director of Leasing***

We certainly had a strong year leasing accomplishments. Our largest leases included a mix of large renewals led by the early renewal of [Sheltie Ross], 282,000 square feet at 919 Third Avenue and a new lease that includes TD Banks 200,000 square feet as our lead tenant at future One Vanderbilt Avenue.

We signed 259 leases covering almost 1.2 million square feet of new tenant commitment, and 1.1 million square feet or renewals.

Most notable was an impressive mark to market of 15.8%. Both of these accomplishments exceeded our 2014 goals of 2 million square feet of signed leases in a mark to market of 5% to 8% which gives us two thumbs up.

Last year, I stood before you and went along on a series of market predictions which led Marc and Andrew to be somewhat unnerved, but let's see how I did. The first prediction was Sixth Avenue will reduce back to its historical average, and in fact, they can see reduced or availability be reduced to 8.9% from 13.4%.

Grand Central would lead absorption in midtown. In fact, midtown, let all the Grand Central -- all the midtown sub markets with 870,000 square feet leased through the third quarter of this year.

The next prediction was midtown vacancy would reduce by more than 1% and in fact, the vacancy has dropped to 7.1% from 8.4%. Downtown East would be the location where tenants most likely sought rent relief, and in fact that was the part of town where rents were the lowest of $39.12 per square foot. Sub lease availability would be below 2% and the average for the year was 1.7%.

The amount of 100,000 square foot leases would increase by 30%. There have been 50 new leases covering over 11 million square feet year to date which contrasts very sharply against last year's 34 leases of only 7.5 million square feet. Midtown market rents would increase by 6% to 7% in asking rents are at 7.8%.

And lastly, that we would set a record on rents for the pent houses at 635 Avenue. The Americas -- that one, I thought we had [nailed -- 51 Aster] signed the lease at $118 of square feet -- square foot just 21 days before we signed in for, for the penthouse at $101 a square foot.

Notwithstanding that, I think our rent for a redeveloped [pre-ward] building stands up very nicely against the new ground up construction. 7 out of 8 are not done. Now let's see what the crystal ball has for next year.

The overall market predictions are that sublease availability will remain low at 1.9%. Midtown availability will reduce to approximately 9.5% compared to the current 10.9%. The supply a big block of availabilities will continue to reduce, tenant demand will stay strong for large spaces and big blocks will achieve a 5% premium.

Although there will continue to be redevelopment opportunities in midtown south, rents at the top end of the market have, in my opinion have peaked, and will now level off. And midtown rents will increase by more than 10%. And for 2015, SLG goals and objectives, the signing of more than 1.8 million square feet in the coming year, for the mark to market between 10% and 12%.

Now, I'll turn it over to big Isaac to talk about Greenwich Street.

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

Thanks, Steve. Hi. Isaac Zion -- sorry, give some applause for Steve. I'm Isaac Zion, Co-Chief Investment Officer here at SL Green, I'm responsible for acquisition, dispositions and joint ventures, and I run the investments group with my partner David.

We're going to talk a little bit, we're going to start -- this is a thumbs up right off the bat. This is one of the largest leases ever done. It was a huge goal, we did it just after the investor conference last year.

But first, I want to talk about the evolution of the asset. This goes back to 2007, the markets were in amazing place, we get a call, long term credit, sale lease back. You've seen our investment philosophy cycle where we like to buy off the trough and sell toward the peak. And also at the peak, if you can buy credit, there's nothing better.

So it's thanksgiving, it's 2007, I get a call on thanksgiving and -- hey, there might be a little mix up in the deal -- because the deal was awarded away from us. We put an entire team together, we work 24/7 for three or four weeks, we thought we were in play, but it went in a different direction, a very rare loss.

But there's an insurance issue. And we get the entire team together, and that's -- late Thursday, I get a call back on Friday, we worked 48 straight hours, we get awarded the deal on Sunday, after thanksgiving. But we got to move really fast, we have to sign a contract, on a $1.6 billion acquisition, we've got to negotiate a net lease, and a gross lease in a week. So again, it was 24/7 by the entire team.

Not only that, we got to close before the end of the year. So we got to close on the acquisition, we got to re-engage our partners and our lender and close this entire thing in three weeks. It was terribly intense, obviously though, the outcome was great. It's smooth sailing now, right? Everything is great, we got a [30-year] triple net lease, nothing to worry about, great credit tenants, and then 2008, 2009. I think we all remember what that was like, Citi was hammered, everybody was hammered, and we're going through a lot of things there because it's a triple net credit lease. It just didn't feel that way at the time.

Things started to get better early 2010, Citibank's sort of on level ground, thanks to Washington. And we get a call in August of 2011. Another call. We're sitting there thinking, we just signed up this deal, and we get this call, and this is what it felt like.

(Video Presentation)

The sea was angry that day, my friends. Like an old man trying to send back soup in the deli.

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

That call was from Citi. They want to meet. And they have to reconfigure their space, they've got to spend a lot of capital, so they want to sit with us to help figure that out. We [don't net] lease, what are we talking about here?

So obviously, we rolled up our sleeves, we're working with them, we get an RFP from them in September of 2011, and again, we're working again, we're trying to help them solve some of their problems. Although we didn't really have senior management buy in at that time.

So now, September of 2012, we get another RFP, this time it's competition. The battle begins, it's us, it's Hudson Yards, it's 2 World Trade.

We have to work once again, the entire company, everyone's working really hard, and this is a real, real battle because it's not that difficult for them to just pick up and leave. And it's going to take them six or seven years to build a building, they can figure that out. We have to convince them that it's better for them to stay, spend the capital in their existing building. And one of the key drivers there was their location. You can't replicate sort of in city campus in the best neighborhood, in the city, or at least one of them.

So this all comes down to a meeting up in Westchester. This is the final stand, this is it. The entire Citi executive team is there, everyone is there. And we have one last pitch, this is our last chance. And we were victorious, obviously.

We get that done, everyone's happy, we're excited, but we realized, there's still more work to do. So this deal, because of its size, deserves two thumbs up, so one at the beginning, one at the end. Again, once again, there's always a little more work with this deal. So we wanted to get control of the asset, our partner wanted out, so we had to negotiate a buyout of our partner, and we refinanced the building at that point in time as well, which was a little complicated because there's clearly a lot of capital associated with the Citi lease, and Citi has a role in purchase option between 2017 and 2010.

So these are the results, okay, as we all know from a triple net lease, most of your return is from cash flow. And here, we project through 2020 an average cash yield of 10.5% understanding the credit, understanding the returns here, relative to anything else out in the market place, that's the definition of above standard returns.

And from an IRR perspective if they hit their option in 2017, or 2020, that's the range of returns, that's how we've looked at a lot of deals over the years. Right now, if you look at a typical stabilized office building, you're targeting 8% to 10%, that's just where the market is now. If Citi doesn't hit their option, we believe the returns could be a lot higher. And I wouldn't be surprised if we get another call on something else shortly on this.

Citi actually spent two years researching new construction, and ultimately decided to renew and recommit for 20 years, to SL Green's 388, 390 Greenwich Street. And in fact, that was done because of the ability of SL Green to use its financial acumen, to craft an attractive package to induce Citi to stay.

One of the most difficult things Citi had to overcome, was the rebuild of the 2.8 million square foot complex. There's a lot of disruption, and there's risk associated with that. And that was ameliorated by the SL Green team starting with Marc Holliday, the CEO, on down, and handling this transaction for Citi and obviously [CBRE] as advisors.

Okay, so that's the end of the leasing section where a row through, we're going to go to investments. I'm going to talk about acquisitions and dispositions, my partner [David] who's coming up now, is going to talk about DPE and then we're going to both talk about the suburbs.

So as you saw, the goals were 400 million of acquisitions and 400 million of dispositions in 2014. We obviously toped that, I mentioned the acquisition of 388 and 390 earlier. Also as you noted earlier today, we acquired some interest in 1745 which now takes our ownership percentage up toward 57%. This is effectively in this city, built in 2003, brand new asset with a triple net lease tenant in there. So we think it's fantastic getting more of this particular building.

Tower 46, I'm going to go into a little bit more detail later, that was also announced this morning, our joint venture with [Pru]. On the disposition side, we sold the joint venture in 180 Maiden Lane, we like to try to match those up for selling a joint venture, we like to acquire a joint venture. I'm going to go into a little bit more detail on [2 Harold] also, and 673 First is an asset that Steve Green had the foresight, take a warehouse and covert it to an office building a long, long time ago. And we just recently sold that to NYU into the last of the original IPO assets.

So once again, a big thumbs up on this goal. You're also going to see some videos on this section from the foremost brokers here in the city with respect to investment sales and they're going to give you their insights on the market as well.

It's easy to see, from everything you read, that the market on every -- for every asset class, is strong as it's ever been. Prices are above peak, cap rates are lowest than they've ever been, but yet, fundamentals are way off 2007, and that's an interesting dynamic for the market.

In the last 20 months, there's been 15 deals done over a billion dollars. That is staggering. I also think there's so much more money targeting New York City that people, when you look at alternative investments, you look at what small percentage of the sovereign community, they're all increasing their allocations to real estate, that's a couple of percentage point allocations from four to six, from five to seven and half, even the [Calpers] of the world, even the best of pension funds, are increasing their allocations [of half]. That is tens of billions of dollars. And where do they want to be? They want to be in a handful of markets. So that is just incredible artillery that will only help to increase the value of New York City which is the prime area for investments.

It's outpacing San Francisco, it's outpacing DC, it's even, on par, not outpacing, London. There's no question, we are still a bargain. If you want to come to New York City, have the top five overseas market, we are bargain rent space. The SL Green is about New York City, they are New York City center.

All right. The calmest I've ever seen [Doug] actually. So I'm going to go to a little bit more detail about Tower 46. This was an off market deal, we talked about the relationships that we developed over the decades. And here, we develop a great relationship with Gary Barnett. And that's one of the big factors in terms of us getting this deal.

In addition, there were some condo structure issues that we had to resolve. And then once we finally agreed on price, we had to close very, very quickly.

The physical attributes of the building are fantastic. This is brand new construction. We only really own the tower of the building, but for the second floor and the [grade]. And you have almost a perfect floor place that can satisfy any tenant. It's about 23,000 square feet, floor-to-ceiling glass, column-free sweeping views of the city. It's really something that I think a lot of you hopefully saw earlier today. And the on-site amenity package for this type of asset is great as well.

So, the physical attributes of the building are fantastic, the economic ones are even better, we were able to acquire this building at 850 dollars of square foot. When you add in all of your lease subcost you get to a little over $1,000 of square foot, so if I compare that to new construction it's maybe a 30% to 40% plus discount, it's pretty rare.

We also mentioned earlier that we brought in a partner here, Pru, a couple of reasons there, obviously we like to as I mentioned we'd like to sell a JV and also to buy, but this also enhances our returns at the end of the day. From promotes and fees the anticipated enhancements is between 250 and 300 basis points. And since sort of our last new office acquisition was 10 East 53rd in 2012, we've looked at 100 of deals and I got to tell this is the first one since that particular acquisition where the metrics were this good and we're really, really excited about this one.

I'm going to into a little bit more detail, just a couple more slides, it's an absolute bargain when I compare it to sort of comparable assets, Park Avenue Tower, it's a least subplay, it's a midblock building and arguably a better location though. And 7th Bryant which by the way there's a rumored sale to a user the next week or two, but that's new construction also, a lease subplay as well.

So, as you compare them to both of these assets we're at a $400 square foot discount. So I feel really good about our ability to get this thing leased up at a price point that's going to make a lot of sense for us. Now, when you compare apples to apples, when you allocate the value of a building appropriately the tower is clearly worth more. If you look at the comparison here, you'll see why we feel even better about the potential of this particular asset and our ability to get it leased up.

Next, I got to talk about a disposition as well. This was a fee acquisition in 2007, this is our typical program where we buy, we harvest the returns at the right time and deploy those returns into a better yielding, but more accrete of asset. So, this was a 2007 purchase that was part of a debt financing, we bought our partner out to control it in 2010 and then in 2014 after 7 years the timing was right, the market was right and we sold the land, the most senior position in the ownerships that for a $1,000 a foot on 34th Street at [3:3 cap].

So, a 17% IRR on like I said the most senior position in the ownership stack is again I said it earlier and I'm going to say it again, probably the definition of outsized returns. This is another video.

(Video Playing)

2007, of course was an epic year for the marketplace particularly with the CMBS market. This year we'll see that kind of record volume but without as great of a participation by the CMBS market. I think the insurers throughout the globe are starting to really step up their portfolio, so we're seeing a lot of money, looking carefully at the market out of China, and started to transact and next we're going to see if the Japanese in a very big way.

It's only a handful of Japanese insurers that I understand are sitting on something like $50 billion, $75 billion worth of capital and they've now made a meaningful allocation to real estate, I don't think anybody is really anticipating a meaningful interest rate move for another several years and typically inflation has been good for value.

I think it will take a meaningful interest rate move before we would see any real impact, but the wall of equity remains and is building if anything, you have insurance companies in Asia that have a lot of money that are saying let me put more money in. And that's what New York City typically has to offer. Something new over time, a transformation that continues to always occur here.

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

Okay. These are my predictions from last year, I figured when you go five for five, you don't make any predictions for the next year, I'll probably doe the next year after that. This way it'll transition a little bit better because if I miss one then it'll obviously look bad, but I really want to focus on the fourth and fifth bullet points here.

The big sovereigns the Canadians, the Norwegians, the Chinese as Andrew mentioned earlier they're still focusing heavily, that's a wave of capital but their focused because they have so much capital is not to own small pieces of 100 different buildings that are small but it's to own sizable pieces of larger assets, that's the profile, that's what they're focused on.

And lastly with respect to cap rates I mentioned how they were coming down toward 4%, you saw the examples earlier where there were some that were actually below that, but I think for stabilized assets they're clearly not going higher because of the capital, because of the environment, the employment dynamics, the leasing stats, I do anticipate for 2015 that, that number will hold and for stabilized assets throughout the city you'll see a range maybe in the high threes to low fours.

Here's David with his take on the debt and for equity.

David Schonbraun - ***SL Green Realty Corp - Co-Chief Investment Officer***

Thanks, Isaac. David Schonbraun the Co-Chief Investment Officer and as Isaac said we run the investment group together. Last year at this time we went through our DP results and I think we foreshadowed that 2014 was going to be a much tougher environment ,there's going to be a lot more increases to competition, well that certainly was the case, thanks to the hard work by our team led by Rob Schiffer, this is actually the best year we've ever had, but before we get into those results let's take a quick update on the debt capital markets.

(Video Playing)

In the more creative financing sphere we have actually both worked with and competed with SL Green and what David and his team have done a very good job of is positioning themselves with other investors in the New York real estate market as somebody who can provide that marginal bit of capital at a very creative structure, a very creative pricing angle to really make it work for them.

In 2011, 2012 we're characterized by coming out of a period of liquidity and 2013 was maybe a return to real normal conditions, 2014 has really built on that normalization and really gone beyond. So, we've seen spreads tighten tremendously. This is a market that's underpinned by the best capital flows in the world and it's really making lenders I think a bit more aggressive, that's driving capital value, it's driving [rent], and it's driving our ability to finance.

Every lender has its own version of lessons learned from the financial crisis and these create sort of no fly zones and that leaves space for opportunistic lenders to really participate and get meaningful yield even though spreads have tightened in more normal products. When we're putting together a desk structure where we're going to be senior and there's going to be some (inaudible) behind us to have real expertise in the capital structures incredibly helpful, SL Green is at the top of that list.

David Schonbraun *- SL Green Realty Corp - Co-Chief Investment Officer*

So, from a lending standpoint we can look at the market with spread compression, a lot of competition is either a glass half full or half empty. From a positive side we're going to have really cheap, readily available capital and these are just going to be the increase in transaction volume for financings, for acquisitions, as well as refinancings.

What that does is gives us a lot more opportunities to put money out. So, it lets us really pick and choose our spots with how we want to grow our book which is exactly what we did this year. The flip side to that is every deal is a lot more competitive until when we have to be more creative and work our relationships.

On the whole loan side the competition is coming from both ends of the spectrum, with banks starting to become much more aggressive, lending on transitional assets is what's making higher leverage loans in the 60% to 65% range, that's something they were very hesitant to do coming out of the last cycle but they're starting to do it as they need to really compete to win deals.

At the same time higher leverage players like Blackstone and (inaudible) strategies are making a real big push to take over market share on the whole loan space. On the subordinate side the competition is just as fierce, it being driven by pension and insurance capital. These capital sources don't tend to have the relationships we do with the borrowers, what they do is they aggressively bid paper from banks in the secondary market driving down yield.

We saw that a lot this year and deals like the mobile building and Park Avenue Tower were (inaudible) in the 70% to 75% range for the 5% to 6% yields. Well inside the yields we're getting on our portfolio and kind of indicative of the value we create versus kind of just buying in the open market.

So, with that as a backdrop let's look at our results. From the production side we have another very strong year, I think we're at about 1.4 billion on gross originations above our historical average, it's a bit below last year although we have a pretty active pipeline still for the rest of the year, so I think we'll be pretty close to where last year on a growth basis.

But more importantly on a retain basis which is what actually ends up on our balance sheet, this year we've done already $626 million worth which is an excess of any year we've ever had and I think as important the yield on those are about 9.3% which is above what I predict the last year which is 8.5%.

So, with a month to go in the year we have exceeded this goal of 400 million and I think as importantly with what we have in our pipeline we actually may end up doubling this goal. So, let's look at the portfolio looks like today. We started the year with $1.3 billion we then added about $700 million to the originations as well as future fundings, so our balances would have been $2 billion have we had no repayments.

However, the flip side to the frothy market allowing us to put out a lot of money is our existing borrowers who are also taking advantage of it to refinance our existing positions. So, offsetting the record originations worth $595 million redemptions which represents the vast majority of our uncalled protected positions. And net result is our current portfolio sits at about $1.38 billion.

It's important to note that these origination balances include 130 [mezzin prep] secured by 530 Broadway and 747 Madison. These are assets that I think are set in the other assets book and on our balance sheet. The portfolio continues to be secured 100% by prime New York City products and our advance right now on average is less than 70% with us able to achieve 10.5% returns which is for sure market leading.

As I said we have a very robust pipeline for the rest of the year and if timing holds I think we'll probably close about $200 million between now and December 31st, so I think they year-end balance is probably be a bit closer t o1.6 billion. Looking forward to 2015 we further expect to increase the outstandings by approximately another quarter billion dollars with the yield on new originations in the 8.5% range.

That's a pretty lofty goal for us for next year and to get there our teams have come up with a great action plan building on things we've done really well in the past as well as some new things to kind of drive new business. The main focus of this business is going to continue to be homeowner originations that accounts from more than a half of the deals that we do.

This is our biggest competitive advantage and it's really the driver for us. Our ability to control the debts that allows us to get yields and from 1 to 200 basis points in excess of where we get them in the market by just slicing and dicing and keeping all the excess profit for ourselves. We really need to be able to keep this production up in order to maintain the yield that are needed to kind of keep the book in the range it's at today.

It's important to note that while we like to control the whole stack other than instances where we want to hold the whole loan we generally have the senior piece syndicated out well in advance of our closing, so we're not really taking any aggregation risk.

Number two, defending our term. I think we've always spend a lot of time saying how the DP platform is proprietary acquisition pipeline. There's also a lot of proprietary financing pipeline, by being proactive with our existing borrowers while we still have call protection we can have a win-win recap which enables us to put our money out for a longer period of time possibly increase it and our borrowers get the benefit of -- or some of the benefit of the market type and we're able to do this without any competition.

Next is an oldie but a goodie, [sell our financing]. This is something we aggressively use in 2005 to 2007 to help drive sales prices through providing our buyers with high leverage loans. This time around it's going to be a little bit different, like we did on 747 Madison this year where we push the buyer to actually take prep from us so we can keep an earning asset, you're likely to see us employ this strategy on any asset sales that we embark on this year.

Lastly, there's no substitute for hard work. We continue to pound the pavement, building and strengthening our existing relationships with borrowers, brokers, lenders, and other owners. Our strong relationship focus lead to nearly 100% of our 2014 originations be made to existing clients. Well, that's a great stat. In order to continue growing the book we're going to have to go and broaden our base and bring new borrowers into the fold.

Now, we're going to hear a small testimonial from Scott Rechler. Scott's RXR is one of our largest competitors but it also happens to be a partner and one of our largest borrowers. He's been among the most active buyers of real estate in New York for the last four years and we've been right by his side to fund a lot of those deals.

(Video Playing)

Scott Rechler - ***RXR Realty - CEO & Chairman***

In New York things move quickly and you need to know that you have certainty and that you can take someone's word for something and when you call SL Green you know that if you structure a deal and you agree on it, they're going to be there at the end of the day. They're a New York operator, owner, lender, structure finance player, very sophisticated, and so they have a pulse to what's happening in the market, they know what's happening with the different buildings, in many cases they've underwritten these buildings in the past themselves and they have a great ability to understand capital structure.

That's one of the things that's great about SL Green, it's a relationship, it's not an institution that has a certain box and it's got to fit in that box. They're commercial and if you can present them with something that makes sense for you and for them you're going to find a way to get something done. We all have to roll up our sleeves and work harder to find ways to generate those risk adjusted returns and that's an advantage that SL Green has with their firm having that multidisciplined type approach, having that financial sophistication, having the relationships that they've developed through the structured finance and doing business in New York all those years puts them in a unique spot to be able to source transactions that may not be there for other people to source and then execute on them in ways other people when they execute on them.

They're willing to take down a whole loan and syndicate that out and hold the piece that they want to hold on a risk adjusted basis. And that it is an important model because if you're a borrower, you don't want to deal with multiple lenders, you want to know you have certainty.

And I think SL Green has proven the capability to take down mortgage loans, sell down the pieces they don't want to have, take advantage of liquidity and the desire to be in New York to hold the piece that provides a greatest risk adjusted return for them.

David Schonbraun - ***SL Green Realty Corp - Co-Chief Investment Officer***

All right, let's move on to our last investment goal of the section which we sell one more suburban asset. This is a goal we easily exceeded in the beginning of the year when we sold out 28 ardent properties. I think after the last few years, everyone knows the history of this $50 mezz loan. The culmination of the transaction was earlier this year when we sold our equity interest to Blackstone for $100 million of net proceeds that allowed us to redeploy the capital back into the core New York City investments.

This deal is a testament to our special servicing capabilities as we took this once distressed transaction and turned it into a double digit IRR. With this expertise we continue to look for distressed situations. When opportunities present themselves, we're going to be ready to take full advantage.

Now heading back to the East Coast, Isaac will walk you through the results in our suburban portfolio.

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

Thanks, David. So we're going to focus on Westchester and Connecticut only which is the vast majority of what we actually own. And as you can see, the year was positive. Year-over-year, cash NOI is up, GAAP NOI is up, the mark-to-market increase over the course of the year is positive as well whereas for the last -- I'd say the prior three to four years, it had been negative. And occupancy is up. And we'll talk about what some of the drivers are about that.

It's the re-emergence of larger tenants which up there is probably 20,000 square feet plus. We actually just shook hands and hopefully the lease is out today on a 30,000 plus square foot lease that's -- we're going to get it done by the end of the year. The diversity of tenants, there're new tenants in the marketplace that's driving the demand for space also.

The adaptive re-use of existing buildings is an important one as well. You have these medical companies, healthcare companies, colleges. They're taking older buildings, a lot of them along the 287 Carter up in Westchester County. And what's that doing is its taking supply off the market, so there's downward pressure on rents. There's a little bit of the lease now.

And just sheer rent growth, because things are better, unemployment is down, companies are doing better, the economy is better. And that's really in the transit-oriented locations though. So our portfolio in White Plains in Stanford has been the beneficiary of that. In fact, in Stanford, we just signed our first lease since I can remember with a starting rent over $50 a square foot.

Now that the market is better, we're seeing some activity, we're seeing some buildings, some trades slowly staring to happen. We've always said that when the time was right, we'd sell one or two of these assets. The Meadows is actually on the market now. And I anticipate in 2015, we'll probably be able to dispose off one or two of these other assets on this list here.

That's it for the investment section. Now Brett Herschenfeld is making his maiden voyage here. He's going to wow you with his take on the retail portfolio. Thank you.

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

Thank you, Isaac. I'm Brett Herschenfeld, Managing Director at SL Green. I run retail, investments, and leasing for the company.

The enormous success we've had in the retail business over the past decade has fed on itself to a point where it only makes sense that we formalize the retail brand, dedicate full time staffs and professionals, and present to the industry with SL Green structure behind it. In doing so, we intend to consolidate retail leasing and investment responsibilities under one umbrella to maximize value, enhance relationships with the retail tenant decision-makers, provide for greater flexibility to acquire retail assets directly or together with select operating partners and enhance aggregate portfolio yields, react to comprehensive real-time tenant data to make better investment decisions, and become the landlord of choice to all retailers.

I'm pleased to introduce the new logo for SL Green retail. This logo will define our brand in the market for retail space throughout New York City.

Now, let's review this year's highlights for the retail team. Since its creation on January 1st, 2014, SL Green retailers had strong success on the leasing front executing several big leases and developing new high level relationships within the retail industry.

At 635 Sixth Avenue, we leased a three-level store Lowe's for their Midtown South flagship. Hopefully everyone got a chance to see this space during this morning's property tour and heard the noise of swinging hammers. We will deliver to Lowe's in April, 2015.

At 131 and 137 Spring Street, we signed leases with Burberry and Diesel at record setting rents in SoHo, more on this later. At 10 East 53rd Street, we signed a lease with Equinox for a luxury executive fitness facility spread over four levels. This will be a new premium product for Equinox and provide a wonderful amenity to our newly redeveloped building catering to high profile financial service tenants.

At 625 Madison, we negotiated an early-lease space surrender and filled it with Philip Plein's first New York City store at a rent 70% higher than the prior tenant. And hot off the press, at 1515 Broadway, we entered into a lease with Sketchers for a total dollar rent of $6.9 million. Over $4.8 million more than the previous tenant paid.

In addition to our leasing success, SL Green retail completed a successful investing year in 2014. We achieved a major retail goal in the successful refinancing of 724 Fifth Avenue. In 2013, the company, along with our partner Jeff Sutton, entered into an early blend up and extension with Prada at 724 in which we increased in-place rent from $10 million to $18.5 million.

During 2014, the company refinanced the property yielding incremental proceeds of $37 million over and above our basis. This $275 million financing checks the box on our 2014 goals and objectives.

We have another investment on 5th Avenue which is in the process of being leased. To tell you more about that and the 5th Avenue market, here is our partner on 650 Fifth, Jeff Sutton.

(Video Playing)

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

We were really ambitious in our goal setting coming out of the gates on this terrific investment. It's taking a little longer than expected to get a lease done, and we get a 650 Fifth a thumbs down. However, leasing 650 is a top priority. And I am confident that in 2015, a deal will come to fruition. I expect Mark and Andrew will be putting it back up as a 2015 retail goal.

Jeff Sutton continues to be a valuable partner to the company. While we have complementary platforms, Jeff and SL Green's attraction to similar retail transactions and networks in the retail community inevitably find us working on the same deals. We know in those circumstances that joining forces with a proven partner that we work well with will achieve a better overall result.

650 Fifth Avenue is one of those circumstances in 2013. Along the same lines, in 2014, we again partnered with Jeff on 535 36th Broadway and 121 Green Street.

During 2014, SL Green retail made the following new investments. In SoHo, we made three investments. At 115 Spring Street, we acquired a retail condo containing 37.5 feet of frontage and near term tenant role. At 121 Green Street, we bought a retail condo occupied by Proenza Schouler, a luxury fashion company and Warby Parker, a highly successful midmarket eyewear maker. And at 102 Green Street, we acquired a trophy retail town house.

We acquired a fee interest in 760 Madison, located at the prestigious corner of 65th in Madison. We made our latest Time Square investment on the corner of 48th Street at 719 Seventh Avenue.

A total retail investment year alone of $435 million puts us well on our way to our 2014 retail and residential investment goals. David Schonbraun will let you know shortly whether or not we crossed the finish line.

As you just saw, a large number of our 2014 retail investments were concentrated in the SoHo market. Let's go through why.

Following our 2013 purchase of 131 and 137 Spring Street, we embarked on a hands-on extensive retail repositioning of the property. Take a close look at this before image of the property. It's almost as if not a single retailer exists. Additionally, the property inefficiently had two lobbies and two stairwells running through its core.

In order to unlock this value, SL Green negotiated take-back agreements or temporary vacate agreements with seven tenants in the building. Next, we gained work approvals from the Department of Buildings and Landmarks. Second floor office use was converted to retail. The recaptured lobby was incorporated into the grade retail. And the recaptured building stairwell was incorporated into the second level.

These maneuvers increased valuable retail space of the property by over 4,700 square feet. We capped it off by signing a lease with Burberry for a new multi-level flagship store at a rent $4 million higher than they were previously paying. On the heels of Burberry, we entered into a new record-setting lease with Diesel for the retail space next door.

The success at 131 and 137 Spring Street re-affirmed our conviction that the SoHo market was established and growing. Over the past several years, multiple big name retailers and brands who traditionally operated exclusively out at Fifth Avenue and Madison Avenue had also taken space in SoHo. The fact that these quality, global retailers desired multiple stores in Manhattan more than validated the SoHo market.

We also charted retailers who operated out at Fifth Avenue in Madison but yet still had not taken a presence in SoHo. A sampling of such big name retailers as listed here. The conclusion was that SoHo was a fully established market with a combination in both midmarket and luxury tenants, but yet there is still room to grow as the full tenant demand spectrum had not yet taken space in the market.

We made our investments in strategic SoHo locations based upon information the SL Green retail team garnered from tenants. We made an investment on Broadway which strategically accommodated the middle market, 20,000 square foot big-box tenant, the main demand driver for the street.

When we observed, luxury tenants wanted higher end more boutique space, we saw the value of the so called "side streets" of SoHo and bought on Spring Street. When rents on Spring exceeded the budget of certain retailers, we started buying on Green Street.

The point I want to make to you is that in each of these investments SL Green was out front interacting with tenants and accumulating real time data. We bought on the streets where we could see rents trending up because we have that information. However, the sellers of properties didn't have access to that data and had not yet adjusted pricing.

That lag in property pricing to rental trends is where we created opportunity. The investments we made in SoHo in 2014 established SL Green as a serious player in the submarket.

Now let's look at an investment in Time Square, a market the company has had tremendous historical success.

The thought process behind our investment in 719 Seventh Avenue is another telling example of how SL Green retail creates arbitrage acquisition opportunities utilizing tenant leasing information. An overwriting theme of meetings with the retail brokers was the total dollar rent in Time Square had gotten excessive. And there was a limited demand pool of $10 million plus rent-paying tenants.

In our meetings with retailers we discussed mega signage branding and confirmed that's so long as signage was visible from the heart of the bow tie approximately $500 of surface square foot of signage could be allocated to a corporate marketing budget and subsidize the rental expense for the store.

SL Green has unique inside into LED signage design toward development experiences at 1551 Broadway, American Eagle, 1552 Broadway Express and 1515 Broadway Aeropostale.

Once again, we leveraged this information into an off-market acquisition with the seller unaware of the real-time tenant data and the potential signage configurations had not yet adjusted pricing to reflect the Time Square bow tie dynamic.

Here's a map showing you, where 719 Seventh Avenue sits relative to the bow tie. As you can see and what the general consensus in the market the property was not [taught] to be located in the bow tie, but because 719 sits on a corner and Time Square zoning regulations permits signage above 10 feet to extend 10 feet beyond the lot line we could creatively design a signage package that was still visible from the center of the bow tie.

These rendering show you the property and the view corridor from the Spanish steps of Time Square, as you can see 719 Seventh certainly has a presence in the heart of the bow tie.

Let me show you the numbers, we purchased 719 Seventh for $41.1 million. Following demolition, construction, leasing and carry cost, we anticipate a total basis of approximately $66.1 million. Targeting an unlevered cash on cost yield of 8% we require a net rent of $5.3 million well inside of the $10 million total rent threshold the brokers advised us to avoid.

Moreover, because 719 will have pure bow tie visibility a tenant can allocate approximately $2.5 million of rent to its corporate marketing budget, subsidizing its store rent to $2.8 million. Where its comparable properties have blocked away typically asked a 25% discount to prime bow tie rents, SL Green can offer space at a discounted excess of 50% and still make 719 a highly successful investment. This deal study demonstrates our access to comprehensive real-time tenant data yields more informed in investment decisions.

In 2015 our company goal will be to secure tenants for 719 Seventh Avenue. I look forward to sharing with you more positive results for SL Green retail in the years to come.

Now back over to David Schonbraun and Ed Piccinich to tell you about SL Green's 2014 residential scorecard. Thank you.

David Schonbraun - ***SL Green Realty Corp - Co-Chief Investment Officer***

Great job Brett, thanks. As Marc discussed earlier growing our residential portfolio is going to be the focus of ours over the next few years. This growth is going to be achieved through a targeted approach just like every business line we have. We're not going to go and outbid people in fully marketed processes instead we're going to grow through a basic four principled strategy, one, focusing an off-market transactions where we can use OP unit currency. Two, deals with existing relationship with sellers. Three, deals with meaningful retail components and take advantage for Brett's expertise. And four, consolidation of joint venture interests.

As we'll discuss in more detail this were the themes comment to the two large off-market residential deals we did this year; Stonehenge and 605 West 42nd Street. These transactions provide us the opportunity to purchase interest in more than $3 billion worth of residential assets that cover more than 3,000 units.

Turning to the scorecard as Brett discussed we almost reached our $500 million goal based on retail activity alone. But with today's Stonehenge announcement we've now exceeded the goal, so we're back on track with another green thumb.

The Stonehenge transaction provided us with the rare opportunity to acquire interest in a large scale, high quality, multifamily portfolio. In a lot of ways this is the quintessential SL Green. This is a transaction we've been working on for more than three years. And is the direct result of our close relationship with the principles of Stonehenge; Joel Seiden and Ofer Yardeni. That's the relationship we've continued to grow as we've done more deals together like DFR, 1080 Amsterdam, and The Olivia.

And EVAR competitors would have loved to have done this deal if given the opportunity. But this wasn't a transaction that was on the market or even about to come to market. It was really the result of our collaborative effort with the partners to help them each achieve their goals. Our track record and personal relationships we essentially to negotiate the required deals with both partners.

These acquisitions also once again evidenced us the competitive advantage of our OP unit currency something Marc touched on earlier and something that's going to be a cornerstone of the residential growth strategy. In this case the seller [attacks] sensitive individual took all these proceeds in the form of preferred OP units, a currency he was comfortable with given his familiarity with the company. The result of the transactions were buying a 50% stake in the partnership interest and promotes, help through affiliate of Stonehenge. All through we'll retain this interest and be our partner in the GP.

This is a strategic investment allowing us to get a toehold in the premier portfolio. On an economic basis we're requiring initially a 4% interest but through promote our upside on certain deals reaches 25%, the remaining interest around by institutional investors including Ivanhoe Cambridge, PSP, and Invesco.

Now let's look at the portfolio we're buying into. This portfolio which has a gross value an access of $2 billion is comprised of 23 properties, five of which we were already has investments in. The new properties account for more than 2.1 million square feet and 2,300 units. When you add that to our existing inventory we now own 3.3 million square feet and 3,600.

Pro forma for expected exercise of the option at 605 West 42nd Street that's going to increase even more to 4.3 million square feet and 4,800 units making one of the largest portfolios in the city. Stonehenge is going to continue to manage these assets and we'll provide strategic advised similar to how we've worked with them previously.

When you look at this map you can really see the scale of the portfolio that we've amassed and how additive this acquisition is. The blue dots represent assets that are new to the portfolio as a result of this acquisition, while the yellow dots are assets that we previously had investments in were as the result of the purchased we're increasing our stake.

Those dots combined to what we called the Stonehenge portfolio. The green dots represent other residential assets we owned excluding our investment in Williamsburg which has been shown on this map. And lastly the purple dot is 605 West 42nd Street.

Prior to this acquisition most of our investments were in the Upper East Side which will on great market isn't really the hottest driver right now on the rental side. So this acquisition gives us access to properties in the markets like Gramercy Park, Chelsea, and the West Village where the highest rents are being achieved.

For us the opportunity set within this portfolio is almost endless. There are residential rental upside opportunities through reinvesting the properties as well as the approximately 1,100 stabilized units with mark-to-markets in access of 200%.

From a retail perspective there are redevelopment opportunities and prime to orders as well as mark-to-market on some of the assets. There's also potential meaningful future development can be realized through significant unused FAR in some of the most expensive neighborhoods in the city.

But in addition to the asset level opportunities there are numerous opportunities at the ownership level which may even be more appealing. As the recipient of promotes we can work to optimize the capital spec to create incremental value to our position. And while on closing the portfolio we'll not be a significant contributor to our earnings it's our jobs to change them.

There likely will be opportunities to increase our ownership stake as the partners in these deals have held our investments for an average nine years. This can be achieved either through buying out the private LTs where OP units should be very attractive or potentially a larger buyout or recap with the existing institutional partners. This is something you've seen us do many times successfully before including 1515 Broadway, One Madison, 388 Greenwich, and even as recently as today's 1745 Broadway announcement, so stay tuned for more to come.

605 West, 42nd Street is a future addition to our residential portfolio and it's the perfect example of the power of our platform and relationships. We were able to off-market, structure and secure a $539 million construction loan as well as providing a $50 million mezz. The mezz loan gives us the right to convert into a 20% ownership upon TCO. This gives us the best of all worlds. We get equity upside without having to take naked construction risks.

After hearing from our partner Joe Moinian and Ed Piccinich you'll understand why we're so excited about this project.

Joe Moinian - ***Moinian Group - President and CEO***

We have done a great job on doing one of our major building in conjunction with health and understanding of SL Green. And the financing of 1.2 million square feet at 605 West 42nd Street which this is the biggest project yet for us to developed.

The project is 1.2 million square feet, imagine 1,174 apartments, so about 3,000 people living in one building, imagine state-of-the-art amenity such as between the restaurants, full class gym operated by the most prominent gym operator in the country, accompanied by our Moinian Group signatures such as indoor pool, outdoor pool, a full regulated MBA size basketball court, I mean, I'm talking about the real basketball court just like Madison Square Garden would have as well as breakfast daily as part of your rent, [get old to mileage] incentive by mail and a whole day of living that we have perfected to bring to this point which we will implement at the 605 West 42nd Street.

Ed Piccinich - ***SL Green Realty Corp - EVP***

Thank you David. Got to love Joe's passion. Fresh off the heels of our successful grand of redevelopments at 180 Broadway and 33 Beekman we're thrilled once again to collaborate with the Moinian Group. Joe is a known quantity, he has value added in this industry and together our proven track records speak for itself.

I'm sure you recall our recent joint venture through Columbus Circle which is fully repositioned and leased and at 180 Maiden Lane where the buyer will be taken full advantage of our comprehensive redevelopment plan and we'll execute it on our extensive design, utilizing the approvals that we had in place with the CPC.

As we broaden our platform in the residential market our latest investment involved the construction of what is slated to be one of the most premier luxury apartment towers in New York City. Foretold these property 61 storeys tall, 1.2 million square feet will be the largest building in the surrounding area.

In the skyline shot of Hudson Yard District on the left of the screen where the site is situated 605 is the continuation of the strategy Dave Sean Brown outlined last year when we purchased The Olivia to extend our presence on the West side residential market which includes neighboring development such as Gotham West, One MiMA and Silver Towers. 605 is a lavished amenities and obstructive views will separate it from the rest of the pack.

Let me take a minute to highlight the financial that attracted us to this investment. By leveraging our relationship with Tishman Construction and the Moinian Group we [inked] the GMP deal that secured the necessary construction loan and resuscitated construction activity at the site. Thanks to Joe's intuitive approach and knowledge of market timing these prime residential units will constructed at $830 a foot with at SL Green's land cost well below today's development cost which would be in the range of $1,100 to $1,200 a foot. Our lower pricing results in the stabilized NOI yield on total cost of 6.5% while in access of market yield which ranges between 5% and 5.5%.

This project has gained considerable momentum. Only a short while ago I was standing in an empty site surrounded by partially installed foundations as work on the regional development was put on hold during the financial crisis.

Set forward to us recently as last week [Cruise] were nearly at the finish line to top off the final five floors, installing forms and rebars and pouring one concrete floor plate every two days. With the tremendous progress made since our infusion on of capital a top single ceremony was held this past Wednesday celebrating these achievements. Installation of major infrastructure, finishes and facade components will continue through 2015.

Simultaneously the window wall system is quickly climbing the height of the building, combining the flexibility of floor-by-floor installation which sleek glass curtain wall, the window wall system is comprised of individual window units that can be installed from inside the structure. They essentially chase construction up the building without commanding the more costly crane system program necessary for the traditional curtain wall installation.

2015 will be dedicated to completing the installation of window sections securing encore tenants to be 110,000 square foot luxury retail space fronting 11th Avenue. And continuing the turn key interior set ups of the apartment units and amenity spaces including an MBA regulation size basketball court. It may look like nothing more than an empty pit right now. But take a closer look here. What we have in the work is being dubbed MSG. No, Joe not MSG, not Madison Square Garden, its Moinian Square Garden.

With the TCO anticipated by the end the project will welcome its first tenants by April 2016. Needless to say together with the Moinian Group we're excited about the financial upside this opportunity presents. Thank you.

Ladies and gentlemen, we will take a short break. The program will begin again promptly in 15 minutes with the presentation on the One Vanderbilt project.

(Break)

Ladies and gentlemen, we will now begin the second part of today's conference with a presentation on the One Vanderbilt Project with Robert Schiffer.

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

Hi everyone. I'm Robert Schiffer, Managing Director in the Investments Group and a proud member of the NexGen that Andrew spoke about earlier. In addition to spearheading, our market leading DPE originations platform, [I mind] opportunities to unlock value through the city's public entitlement process. I'm therefore lucky to have the task of heading the firm's efforts on our record breaking, ground setting, benchmark setting development, One Vanderbilt.

This afternoon we're going to do a deep dive into One Vanderbilt. You'll hear from key members of the team including the project's architect, Jamie von Klemperer, President of Kohn Pedersen Fox or KPF, our own Ed Piccinich, and myself. But before Jamie begins the presentation, here's the founder of KPF, Gene Kohn.

Gene Kohn *- Kohn Pedersen Fox Associates - Founder*

New York and from the late '80s through all of the'90s and all through the beginning of the 2000, Vanderbilt development took place. So the demand has been building up for office space, it's got to be important to grow office space. One Vanderbilt is doing more than just being a great piece of architecture. It's really satisfying a need for new office space. There's property size and equipped to deliver the kind of energy, the kind of a capability to the tenants that's needed.

So it's important both as a home for new tenants as well as for landmark in New York and it will mark the 42nd Street corner which is probably the most powerful corner in New York from one end to the other, from the UN and the (inaudible).

It's loaded with the great buildings in New York. So in a way as the key to this feature of New York is in this I'll call it belt of 42nd Street. And this building is going to be the anchor and the skyline. New York today is the busiest I've ever seen. So this tower comes on to the grand moment in New York's history.

With so many great new buildings are being built it will rival the period of the early 1900s when those great landmarks have marked the city for all these years were built; the mood to do something special in the city is great. And I think that's what's exciting, the One Vanderbilt is going to mark that moment of this great period of development, and best of all because it's a building that's extremely sensitive, to the landmarks around it in a way we look back on this period. And the building there will be most I'd say looked at and examined for this period will be One Vanderbilt.

So I'm going to give you a view of the design of this building. And something about the creative origin of how it was put together with the design team, Gene Kohn presided who you just head from, over the tallest building, the design of the tallest buildings in London, Paris, Hong Kong, Shanghai, so it speaks with some authority.

As you see it here an overall image of the building looking from above the Viaduct, just south of Grand Central Terminal, the size of the scale of it is quite astounding, it will be the tallest building in midtown Manhattan. It's about 1.5 million gross square feet, and that gross is up of course to a larger rentable area, 65 usable stories and some very special spaces on the top as well, we'll show you.

The status of the design of a process in process right now is that it's been submitted, been certified in the ULURP process with city planning. And the design development drawings are now under way so it's a well engineered building as well as the design. Now of course what distinguishes it at first we all notice this amazing location next to the greatest and one of the two great transit hubs of New York, Grand Central Terminal, just having its 100th birthday and really the center of quite a bit of SL Green's portfolio, but with such a great historical meaning as well as the usefulness as a transit hub.

Now, the design of this building which we'll show could have been something like these designs which you see on the left-hand side of the image, glass boxes, these are right are across the street actually. A PriceWaterhouse and (inaudible) very good buildings but nothing of a quality that would satisfy the needs of the city essentially next to Grand Central Terminal.

And so if you look at the options as we considered in the beginning, many different options, a squared off building, more traditional and conventional versus a tapered building, the tapered is narrow, inclined of a slant, allowed us with city planning to show there would be more light and air coming to the street, while still keeping a very, very tall building. It also allows for you'll see a graduated floor plan so it hits many different points of tenant needs in the marketplace because it moves from about 40 -- 3,000 square foot site area below to something as small as 14,000 square foot rentable at the top.

So these diagonal themes that inform the kind of motif of the architecture you can see in the plan on the left-hand side you see the full-block site between Madison and Vanderbilt 42nd and 43rd as a square but you see the red line there on the right-hand side tapers back. It allows for the traffic at the ground floor, the foot traffic to move back and forth to Grand Central with much greater ease.

Then when we look at the elevation or the three-dimensional qualities of the building, from this corner at Vanderbilt, rather at 42nd Street and Madison, you see how the building angles itself up so that you get quite a clear view towards Grand Central Terminal. So it's honoring this great landmark in the center of our city.

If we look more closely at that view and this was very important in our discussions, many discussions with city planners, with community groups, the Grand Central Terminal landmark which has been for 100 years eclipsed from this view by buildings that went straight up from the property line on the left, will be as you see on the right-hand side uncovered for a much bigger dimension of view with transparent glass showing you even more of its architecture.

As viewed from the Viaduct and from Grand Central Terminal, you see how the base of the building seems to open itself up visually as a transparent object so what is now a little bit of [an NG] corner and a passageway along the Vanderbilt becomes light, open, airy, and active. And this will be the view as you come right out of that corner of Grand Central Terminal up that pedestrian ramp, emerge on the street and you see that openness in the base of the new One Vanderbilt building.

The ground floor plan shows you a number of uses balanced carefully with each other in light blue, the office lobby space, the main entry to the main use of the building but also fair amount of retail in pink including the -- [toward the mini bank] corner on the southwest, and also significant amount in yellow color up space that's used by the city for transit as well as for public passageway.

Now as we look at the building from Vanderbilt Plaza, which will cease to be a street, it'll become a pedestrian plaza, we look at the office entry so it will be a very delicate kind of a texture of bronze elements, very decorative, a little bit respectful of older fashions of architecture because of the Grand Central presence. And then inside the lobby this is the main lobby view in early concept form.

We're trying to make a very light and airy and appealing as a modern space. Now as you move up to the second floor, there are some very significant retail space which will be directly accessed by stairs which lead up from that open corner, and so it's a wonderful opportunity. It could be a great restaurant, could be flagship for one of the great electronics companies of the world, who knows, but it's a wonderfully visible space from below. And you see here, you see the blue wall there which is imagined as a screen perhaps, that could be the background which this retail tenant has advertised itself and could glow from within the building.

On the next floor up, the third floor is an amenity space for major tenants, so it's a private space but good place for people to gather because it has a wonderful terrace which I'll show you in a minute which offers a wonderful view towards Grand Central Terminal, and you could see inside here if you are on that third floor terrace you feel you own this sort of neoclassical facade of Grand Central that most people don't experience.

Now the typical floor, this is the muscle of the building, obviously the most important part, it's where the leasing of the building. At the base of the building are six floors of larger floor plates, they use most of that 43,000 gross area of the site, there are long span, there are tall ceilings, and so this is high-density use. It could be a trading floor, it could be a news room, anything a tenant who wants very large space can figure on. And then the ceilings will be taller here.

There will be a 20-foot floor-to-floors, 13-foot-6 ceilings, very generous to meet the long spans that exist there. View from inside could look like this, this will be a trading floor configuration but imagine any other kind of large density use that's unique and then a probably very desirable to go along with the tenancy upstairs in the building.

Further up as we move to the typical floors of the building, as I mentioned the building tapers, and so this means these floors change slightly as you move up the building but they do vary from around 36,000 rentable square feet at the base up to the top of the building at 18,000 rentable square feet. They are column free, all of the -- even though the building tapers diagonally all, the plans of the building are rectangular, so there are no odd angles to decrease the efficiency.

And then as we move up in the building we come to typical floors, not these high density floors, but typical floors where the floor to ceiling is 11 feet, there's still room for 8 inches of raised floor to meet the [ceil] if that's used, well, in terms of electronics distribution. And then we go to five special floors that exist at the bottom of each of the elevator banks. These are executive floors or special floors with two more feet in the floor to ceiling height, so that's much more generous, quite unusual for an office floor plate in such a building.

And you could see that rendered here not only in this section but the exterior wall of this building was very carefully composed, the materials were carefully selected to be sympathetic with this landmark train station district. It's not simply a glass on metal-on-glass building, there's texture of terracotta which is a warm textured material so it's going to be a part of this station district and I think very-well appreciated as a good member architecturally of this community.

So that within this space now we can come to such an executive floor and with a 13-foot floor-to-floor, I feel we're really in a very powerful space. The building because of the way it's configured has not four corners but eight corners on each floor so special offices are quite plentiful and you could see this expansive glass giving you phenomenal views along with the height of the building.

And then at the very top of the building is the opportunity for some special amenities. These are smaller floor plates because as this taper comes to the top it becomes quite delicate in its architecture but also well-suited. These are 25-foot floor-to-ceiling height spaces. So something more obviously than just an office space whether this is for kind of corporate entertainment, for something that the tenant, individual tenant might use or for larger party space. You can imagine many interesting things happening as a kind of once-in-the-city sort of experience, even more impressive probably than the top of Rockefeller Center or the Empire State building because of this contiguous space.

And you see here, an example of view of one of these floors going 25 feet in height and so the [program I guess] will be interesting. This space is served by elevators, you could see in the plan before it that comes from the high rise bank but also all the way from the ground, special elevators which go to the top.

So to finish off this portion of the presentation, the overall view of the building you could see obviously the Empire State building is middle, and even though this building is taller, One Vanderbilt receives a little bit in the background just to the right-hand side. But the feeling, the style, the spirit of the architecture is to class and be categorized along with Chrysler Building, Empire State Building, Newsweek Building, all of the great point towers which distinguish themselves from the big flat top buildings that had been made a common thing in the modern period of the 1960s to '70s.

So it's really destined to be and designed to be one of the landmarks in its shape and its form and its lighting and its delicacy of the top as well as its actual height which as I said is a second to none in midtown. So that ends this portion of the presentation. And now Vishaan Chakrabarti, who appears in a video is going to talk a little bit about the way the building fits into a larger urban equation.

(Video playing)

Vishaan Chakrabarti - ***Columbia University's GSAPP - Marc Holliday Associate Professor of Real Estate Development & Director of CURE***

We have a lower year-over-year production rate of office space in Stockholm, Sweden. We are not keeping up with our competition and that's why One Vanderbilt is so important. It's so critical to be building global, first-class buildings right at our transit hub, it makes immense sense.

And so to me, it should be part of what follows really for all of our transportation hubs which is getting great new building stock around our train stations. I think One Vanderbilt is really important in terms of this because we need to show the world that we can build Class A office space that isn't your father's old school deal. And so I think that building is really a leader in terms of what happens for the rest of New York City. New York is a story where transit goes, development follows. And Grand Central and the development parcels around Grand Central were a planned phenomena. It didn't just happen.

And the fact that SL Green today is leveraging that phenomena and really re-positioning buildings around Grand Central, building new buildings around Grand Central, and really understanding what an amazing asset that is for investors, for the city, for the environment. It's really as our triple bottom line, and I think it really is kind of a future model that we should be looking towards in other parts of the city as well.

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

Before I begin my portion, I just want to applaud Jamie on an unbelievable presentation. Your ingenuity and creativity I think shows as well as your passion for your craft. And we're really proud to have you on our team.

In 2012, we had as a goal, applied for a special permit for One Vanderbilt. And since we didn't achieve it, we put it up again last year as a goal for this year. And before I address whether or not we achieved that goal, let's refresh the One Vanderbilt timeline.

As you all know from previous investor conferences, we assembled the full block between Vanderbilt and Madison 42nd and 43rd Street over a 10-year period, a decade, beginning in 2001 with our acquisition of 317 Madison, and culminating in the closing of our acquisition of 51 East 42nd Street in 2011.

And as I'm sure as you all recall, in the fall of 2012, then Mayor Bloomberg announced a plan to rezone 73 blocks of East Midtown. That plan was met with opposition and more importantly a changing political landscape and was ultimately withdrawn last November; the reason why we failed to achieve our goal.

On the night the Bloomberg administration withdrew its plan, then Mayor-elect de Blasio voiced recognition of the import of the East Midtown as a 21st century commercial district and promised to revise rezoning plan by the end of 2014. And true to his word, five months later, the mayor announced a strategy to implement his policy addressing the controversial elements of the East Midtown 1.0 with a comprehensive plan, a targeted rezoning of the five blocks of Vanderbilt Avenue to allow for state-of-the-art up to 30 FAR office towers in exchange for significant public realm improvements and simultaneous taskforce empowered to make recommendations for East Midtown that would eventually form the basis for a larger rezoning.

Following that announcement, SLG and its team immediately went to work. We crafted a 10,000-plus page environmental impact statement. We negotiated for a public realm improvement package with the MTA and the Department of City Planning. We finalized the transfer of their rights from 110 East 42nd Street. And held almost daily outreach meetings with all of the key stakeholders.

And on October 20th, we met our goal for the year, certifying One Vanderbilt into the city statutory of seven-month entitlement process and culminating years of due diligence, negotiations with the MTA, schematic design and a five-month pre-certification process. We've been told by many for a development of this scale, this is the fast timeline. But to us, it felt like an eternity and could only have been accomplished with the tireless work of our team of professionals.

So how did we achieve our goal? Well, One Vanderbilt will be a 30 FAR building that utilizes this new public realm improvement bonus, constructing the highest priority Grand Central projects identified by the MTA and the Department of City Planning. A lot has been said publicly about the $210 million cost of these improvements. But what's more important is that these improvements will deliver significant value to the entire East Midtown area which will benefit many of SL Green's buildings.

Let's talk about these public improvements in detail. We've categorized them into three buckets; work that's on site, work that's off site, and open space. The first component of the public improvement package is the offsite work we'll do on the 4, 5, 6 subway lines, Manhattan to East side artery that runs from the Bronx to Brooklyn but has its heart in Grand Central. Many of us are all too familiar with this message as our train inches in towards Grand Central.

(Video Playing)

Ladies and gentlemen, we are delayed because of train traffic ahead of us.

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

This is a scene from rush hour. As you can see, large column enclosures immediately adjacent to those stairwells create pinch points. It is these pinch points that are the cause of a bottleneck. It's painful to watch.

So how do we solve overcrowding on the 4, 5 line? We can't move the tracks and therefore we can't widen or lengthen the platforms. New York City transit engineers have studied the problem and identified a four-pronged solution to overcrowding that SL Green will implement.

The first is to maximize the amount of existing platform space by reducing those large column enclosures and optimizing and narrowing stairs. Second, we're going to add new stairs to the ends of the platform, dispersing pedestrians and customers away from the more crowded parts of the platform in the center. Third, on the mezzanine itself, we're going to increase circulation space by over 40%, eliminating physical and visual obstacles that prevent pedestrians from using underutilized portions of that station. And finally, we're going to add and improve street access, again, bringing pedestrians to the underutilized portions of the station.

Again, this is a picture of what the platform looks like again. You can see the wide column enclosure and the stair immediately adjacent to it creating that pinch point at the edge of the platform. Here's what it looks like after we've done our work. We've narrowed the column closure and narrowed the stair. We've eliminated stair risers to create better visual way-finding.

On the mezzanine, this is the existing condition. That's that physical and visual obstacle that I mentioned that prohibits pedestrians from using underutilized portions of the station. And here's what it looks like after we've done our work, eliminating those obstacles and creating better view-finding for pedestrians.

The end result of the offsite work is one additional peak hour train through the 4, 5, 6 station each hour. What that means is that that line goes from an overcapacity situation running at 103% capacity to 97% to 100% capacity, so either at or under capacity. That's a huge win.

Next, we're going to talk about on site improvements. When East Side Access comes on line in 2023, it will bring half of the then projected Penn Station riders into Grand Central, doubling the number of commuters that pass through Grand Central. One quarter of those riders want to traverse through One Vanderbilt's footprint. And without One Vanderbilt, they'll enter into Grand Central at the already crowded dining concourse and use the same stairs, escalators, and pathways that metro north commuters use. The result will be crowding that's unacceptable even by the MTA standards.

To solve that problem, we're going to create a direct connection from East Side Access to 42nd Street and the Grand Central subway station allowing that wave of the East Side Access riders to get to their destinations without entering into the terminal. We'll also ease the burden of shuttle riders by providing a direct connection from the platform to the street. And we'll create a place for commuters, tourists in the community to meet and rest with an iconic transit hall.

Rather than bore you with endless floor plans detailing these improvements, as I usually do at stakeholder meetings or with the community board, please sit back and grab some popcorn.

So One Vanderbilt as seen from 42nd Park Avenue showing MTA access and our transit hall, people are color coded by their origination. So you'll see a significant number of people in light and dark blue coming from rail, people coming from the subway system using green and the color green, and people -- the pedestrians coming from 42nd and 43rd street in red and purple.

Actually, I lied, this isn't a transit simulation. It's a live webcam into the basement of Graybar, and those are Ed Piccinich's minions performing the regimented Monday afternoon marching drills.

The $210 million capital program that we'll have implemented for both the offsite and onsite will be the largest private expenditure for public good. And here's what those spaces will look like. Translucent panels in the building's lobby floor with let daylight in. The color pallet and materials in these improvements will be consistent with the Grand Central so that we don't repeat the mistakes made by Penn Station.

The final bucket is open space. It's well known that East Midtown is devoid of public open space, sidewalks are congested, and the bus lanes on Madison don't help. Vanderbilt already underutilizes, serves as a parking lot for the MTA and is right for repurpose.

One Vanderbilt will increase the adjacent Madison Avenue sidewalk by over 50%. The buildings can't that Jamie described off the corner of 42nd and Vanderbilt will add additional circulation space. And the repurposing of Vanderbilt Avenue between 42nd and 43rd street will create much needed public open space. Here's the crowded Madison Avenue sidewalk as it looks today. And here's what it would look like after it's been widened by more than 50%.

Here's what Vanderbilt looks like today. You can see the MTA police cars parked over on the right and you could see a red mini-van making a right into a stream of pedestrians out of the Kitty Kelly ramp in Grand Central, not a good condition.

Here's one view of what Vanderbilt might look like as public open space. And here's another view, a James Corner design that we love. And here's what the plaza may look like at night. We have an opportunity here to restore the grandeur to Grand Central.

The first two rounds of the public city -- excuse me -- the city's public review process, called the ULURP are the non-binding advisory votes of the community board and of the borough president. We are currently in front of the community boards, followed by binding votes of the City Planning Commission and the City Council in May. This is a statutory process with outside dates that are fixed once we certified.

The project has overwhelming support from the broad based groups including major unions, transit rider advocacy groups, and civic groups who all have a vested interest in seeing the substantial public improvements One Vanderbilt brings realized.

We brought these groups together and formed a coalition called a Better Grand Central. The coalition has taken an active role promoting One Vanderbilt and its public benefits. Advertising in the New York times and local newspapers within the community, on bus shelters and newsstands in and around Grand Central, making direct contact with community members through street canvassing and direct mailings and of course in the internet with digital ads and a Twitter handle, @betterGCT. With the coalition's support, we're confident we'll achieve our goal of the special permit in 2015.

Next, Ed Piccinich will discuss the first phase of development of One Vanderbilt. But before he does, Tommy Craig with Hines, affirmed that he has worked side by side with us on our development of One Vanderbilt. And one of this city's most pre-eminent developers will get his thoughts on One Vanderbilt.

Tommy Craig *- Hines - Senior Managing Director*

It's interesting Hines in SL Green form a very natural partnership. In many ways Grand Central right now doesn't have a traditional front door that you would associate with the terminal of its size and stature. And this building and all the other public spaces around it will help provide that. New York has always been a city of many neighborhoods, multiplicity. I would say it's one of a broader themes we associate with New York City and its (inaudible).

And One Vanderbilt has a very distinctive advantage over all of the other new construction coming online; it's got scarcity value. One Vanderbilt in 425 Park will be the only two new buildings expected to be delivered in midtown in the foreseeable future.

The World Trade Center buildings of course have multiple buildings, a [platter] of space, you would say the same thing about Hudson Yards. I think this building will appeal to both users that want infrastructure, value density, need the modern work place to attract young people, put themselves in the information economy with all the technology requirement. But for users looking for views it will ultimately put someone at the very top of New York City.

Ed Piccinich *- SL Green Realty Corp - EVP*

Thank you, Rob. I want to thank -- if you feel alive with today, Craig, thank you for those comments. You already know me, I am Ed Piccinich, and I'm the one who is responsible for building this project.

In the follow-up to Rob's segment I want to take a few moments to talk about how we will build the greatest, biggest and best commercial tower Midtown Manhattan has ever seen. It will redefine the New York City skyline for generations to come.

In preparation for this undertaking we have handpicked a world-class and development team which includes Gene Kohn and Jamie von Klemperer of KPF, Tommy Craig of Hines, Dan Tishman and James Badame of Tishman Construction and others on this team of all Starfield leaders. So far they have been essential in creating our roadmap and we'll continue to transform our vision from renderings, press releases and new stories into reality. We have the knowledge, enthusiasm and momentum to fuel our plan over the next five years.

Working side by side with our team, we will kick off the project with soft demolition and abatement in the first quarter of 2015. Structural demolition will follow once we received the special permit approval that Rob touched on earlier.

In the summer of 2016 we will begin excavation and construct the foundation for our new tower, given that a portion of our 1,500 foot tall tower is directly above and along active MTA subway tunnels and infrastructure used by thousands of subway ride of each day, installing foundation elements will require assembling infrastructure 50 feet below the existing street level.

The building superstructure will then follow with over 23,000 tons of structural steel and massive tower cranes will be used to enclose the building envelope with the terracotta in glass curtain wall system that Jamie described earlier.

Simultaneously major infrastructure will be installed inside the building with 43 high speed elevators; lead certified electrical and mechanical HVAC equipment as well as specialty systems all of which will be completed by 2020, in conjunction with 10-foot (inaudible) including our anchor tenant TD bank.

Topped with a 100-foot tall spire; our tower will rise and redefine the Manhattan skyline. As you witnessed from the previous speakers it is nearly impossible to contain our excitement about this tremendous opportunity. But before we can get our building out of the ground, we need to get our hands dirty and demolish these old, tired and obsolete buildings to make way for One Vanderbilt's future home.

So now let's transition to some key aspects of the work we have planned in the upcoming year. The four buildings of the Madison assembly just situated on one of the busiest blocks in Manhattan, with nearly 200,000 people passing by daily, with 317 Madison maxing out at 24 stories and 360 feet, the site features is not only one of the tallest buildings to be voluntary demolished in New York City in nearly 30 years but also one of the largest.

Although the first hammers will start swinging in May our program began long ago in preparation for the demolition. A chain of progressive permits in sign also are required from dozens of city agencies, some of which are shown here. Having completed our diligence, covering every square inch of the properties we will ensure they are fully abated, all utilities are disconnected and every [premise] has been secured, no one knows the city process or had dealt with it better than we do.

Turning towards demolition, the site has a unique footprint with four properties comprising of an entire city blocked with a combined square foot of nearly 800,000 square feet the buildings are situated on a full acre site and sit on irregular parcels. As you can see here this interconnected configuration contains four unit buildings that are set at staggered heist, with varying construction framework and composition.

In tandem with our interior work, preparation for the structural demolition will be apparent in order to safely shield the surrounding area and allow for uninterrupted (inaudible) flow, side work sheds will be installed around the entire site. Pipe scaffolding will then be erected around the perimeter and safety netting draped over it, forming a cocoon like protection system. While scaffolding will remain for the duration of the demolition process, you will see it fade out in this video, so I can walk you through the demolition sequence we planned to undertake.

48 East, 43rd Street the smallest building at a near seven-stories and sandwich between staging area at a street level; a vertical hoist will be installed at the rear of the lot against 317 Madison for emergency access. The existing elevator shaft will be decommissioned and repurposed to serve as an individual construction shoots allowing debris to exit the upper floors quickly and efficiently. A temporary truck spacing area will be created on 43rd Street to aid in the removal of materials that are reclaimed from the properties.

317 Madison, tallest building at 20-foot stories will be dismantled next, down to the height of 51 East at the 18th floor, both buildings will then come down together reaching 331 Madison at their 15th floors and from there the three buildings will be demolished simultaneously floor by floor. In order to pulverize each floor into manageable demolition debris we will use cutting torches, bobcats and long arm excavators. Throughout the process materials will be hold off site each day.

When all is said and done a total 64 building floors will be removed from top to bottom. By month 10, demolition of the site will be completed down to the third floor. The final two months of our schedule will include the installation of shoring along 42nd Street to laterally reinforce that existing foundation. The roads in this structure midtown are largely supported by below grade steel beams that allow for the numerous subway lines to pass underneath. We will leave a section of the ground floor structure for support before bracing the existing steel.

As you can see here working in close proximity to the active No. 7 Subway line and Crosstown Shuttle just south of our property has also been accounted for in our planning. The inactive tracks of Madison Yards which encroached on the Northeast corner of our site will ultimately serve as the connection to the new East Side Access concurs. As Rob described earlier when our proposed MTA transit improvements have completed and fully integrated into our daily operations we will be able to truly say--

(Audio gap) 3:52:38- 3:53:14.

I get very excited about making this presentation each year because it gives me an opportunity to get some context to what Matt and I have been doing to the balance sheet in a way that we're not able to do routinely through the years. So this is really fun.

And I think today, as seen I thought we're going to have one would be to talk about the progress we've made in our balance sheet and in terms of getting our better access to capital from a corporate standpoint.

But let's start off with last year. Last year, we set out an investor conference goal of achieving another investment grade rating and we had talked about it as a major milestone and I look at is very important in that progress of achieving initial access to capital.

And we were gratified this last October when Fitch awarded us our second investment grade to go along with the investment grade rating we receive from S&P in 2011. So I don't know if anybody's from Fitch is here but we want to thank Fitch very much. The reality they spent a great of time and effort, looking at us and looking at the way we operate our business and getting comfortable with the way we managed risk and we are very appreciative for more the investment grade rating.

And for sure next year, I would add to our plans to take those ratings first in and really go out there and execute the first fully index eligible SL Green bond offering. But the story of investment grade rating that's just one point in time and a progress of milestones and there's really a larger story and the larger story was really about change. And a lot has changed in this company over the last few years. And because it happened over a period of time, it occurred to me that maybe some of you have just missed how much changed there has actually been in the company.

So what I would like to do now is to go through a few slides with you and give you the metrics, so you can see for yourselves just how striking the change has been. And to do this, what I'd like to do is to compare the company today to what was like at the peak of the last market in 2007, so you can see for yourselves.

And to start off with we're much a larger company than we were in 2007. We've grown our gross assets by 62%; we've added $7 billion in gross assets to the balance sheet and this is after selling of $1 billion of assets over the same period of time.

And just again, for context of what 2007 was we had some great assets in 2007 and the positioning inn 2007 was strong enough so that the lease terms and everything else carried us through the Great Recession with really very, very strong results. So you can see here on the slide the Great Recession which lasted for 2008 and much of 2009 we achieved same-store NOI growth that was pretty robust.

So when we compare it today against 2007 here are a few takeaways from the comparison and I'll start with our tenancy and our assets, the first thing we note is that we have, along with all the asset pruning and acquisitions we've made we have a greater institutional tenant based as a company. We have fewer tenants taking more space per tenant. We have longer average lease terms, we have one and a half years longer, average remaining lease terms and we did it at the peak of the market in 2007.

And the terms are even more extended for our larger 10 -- our largest 10 tenants, meaning that we've really de-risked our largest 10 tenants in our portfolio. We know that tenants give us a great on what our quality is because they paid more rent for higher quality assets. And our in place rents today are 22% higher than they were at the peak of the last market and just to support that and corroborating that argument on quality today we've got almost 4 percentage points higher margin than we did at the peak of the last marketplace.

So, as we look at our portfolio in total it's not just about an improvement in quality of the aggregate portfolio but our top assets are also performing much better. Our top 5 assets shown here which constitute about 30% of our revenues have 27% higher rents today or revenues, rental income today than at the last market peak.

So, you can see if you look at that list you can see why it was important for us to buy out our partner's interest in three of those top five assets. So, turning to the right-hand side of the balance sheet and looking at leverage you can see that all of this growth, all of this activity, all of these improvements on the asset side have come with a really substantial delevering of the platform. And you can see that if we take into consideration in addition to that are potential for selling 380-390 Greenwich to Citi Group beginning of the end of 2017, you can see that the debt to EBITDA reduction is even more pronounced.

We've also focused on simplifying our balance sheet in our financings. I'm showing only one metric, the reduction in joint ventures in our balance sheet as an example, but this has been an important part of our overall financial strategy? And with our commitment to unsecured -- the unsecured corporate credit markets has come our efforts to increase the unencumbered assets in our portfolio, this year alone we will have increased our unencumbered by seven assets aggregating to more than $1 billion in gross asset in gross book asset. And of course with the delevering of the company you can see here that we've substantially delivered are unencumbered assets as well.

And finally, in the conclusion of bringing us today back in 2007 we had no investment grade ratings and today we are fortunate to have two real measure of I think the success and progress that we've made consistently from the last recession through today. So, in summary I'd just say a great deal has changed since the last market peak with improvements in our assets and a delivered balance sheet and I'd say that we're certainly on plan to expand the corporate access to the company and to make all those changes which I know you all and our lenders value. And today our access to capital, to corporate capital, is I think stronger than it has ever been.

Also, I want to make a point, Marc came up and made -- had a discussion on valuation and I guess (inaudible) back to that discussion on relative multiples of our company and other companies and we'd like you to consider some of the things that we said today, some of the things that I've said including, you know, how our portfolio today, our core portfolio is stronger than ever.

The growing contributions we have from a diverse based of cash sources, retail residential, our growth portfolio, the fact that the New York City economy has been doing so well and looks to have more legs, that we have delevered balance sheet with greater access than we've ever had to corporate capital markets. I think and I hope you would agree that our company multiple doesn't seem to make sense in that context and it's too low to really reflect how far we've come and de-risking our operation and how much we've done to take in I think an above average or high trajectory growth rate for our cashflows.

Now, most of you know this is my last SL Green investor conference presentation and I've had a terrific run here and I'd like to show this to Marc and Andrew and take full credit for what I've done over the last few years, but the reality is and I'm going to be truthful to you guys, the reality is that -- you know, we actually, you've seen part of the -- the only part of the team today, but you've seen why we've done really so well.

I've been CFO of a REIT now since 1996, in different industries, interactive with a lot of management teams and I have to honestly say that this is the hardest working, most dedicated, and most value additive management team that I've ever seen in the industry.

And so while I'd like to kind of take credit for that 17 (inaudible) percent compound in annual return where I really have to point out is that the fact is this management team has created value from the first day of the IPO and has provided this exceptional return to you all our shareholders. So, in closing I want to thank you for your support. I've appreciated being here for the last four years and what I'd like to do is turn the stage over to Matt DiLiberto the next CFO of SL Green.

Matt DiLiberto *- SL Green Realty Corp - CFO*

Thank you, Sir. Thank you, Jim. And welcome everybody to day two of the investor conference. So, I was asked last night whether I was going to roast Jim because it seemed like the obvious thing to do, it's his last one, we have a history of doing roasts and I said, "Yes, probably," and I'm actually not -- too much material, too little time, so we're going to thank Jim personally for your partnership, your leadership, your friendship the last four years.

American Airlines is trying to fill the void of revenue from Jim commuting back towards Chicago twice a week, good luck with that. And I'm also going to publicly congratulate Maggie Hui who is hiding out in the third row on her well deserved promotion, she's been my right hand for the last 10 plus years, she's the heart and soul of the finance team and you guys are going to come to know her very, very well, you're going to be very, very happy working with her.

So, I got a lot of ground to cover on the finance side of things Marc has given me somewhere between 30 and 35 seconds.

Four minutes.

Matt DiLiberto *- SL Green Realty Corp - CFO*

Four minutes? Okay. So, thank you all for coming and we'll see you next year. Starting with our lofty goal of 3.5% (inaudible) growth that is a proud Green thumbs up, that is like everything else we do here a collective team effort. Steve Durels spend some time out lighting the revenue setting equation earlier, so I'm going to spend some time on the expense side where I have the pleasure of highlighting the work of one of Ed's army, Liz Majkowski, part of the deep bench who heads our New York City operations group.

Before I get started I have to go through this tutorial occasionally even with Marc here on the same store pool, it changes every year, it's fluid, it's based on all of our activity. This is the change and the same store pool we highlighted last year, this is part of the pool I'll be talking about that'll change again for next year.

Even with all these changes we did have some other changes throughout the year as we sold 673, we sold 388-390 Greenwhich -- I'm sorry, acquired a part of 388-390 Greenwhich, don't write down what I said first, 180 Broadway we sold, 2 Herald Square we just sold a couple weeks ago.

The gripping topic of energy and utilities those are some of the most significant operating expense that we face in real estate, containing them for the benefit of the company, our tenants who shoulder some of these causes vitally important, to that end we've implemented a full scale process to secure energy contract savings. These average include competitive bidding processes, market analysis, evaluating ways to maximize recovery rates and eliminating bandwidth requirements for fluctuations and occupancy.

We also ensure that these energy contracts are transferable to a new owner. In addition we've implemented energy curtailment programs, curtailments achieved at peak times when agencies like Con Ed require building owners to curtail their power. In fact these programs actually generate income at our management properties -- that are managed properties.

Finally, the operations department has they call it energy desk I've disputed whether this is like an electrified desk that (inaudible) its people if they're not performing up to par, but in fact it's a partnership with IES, they're very renowned to identify areas for savings and curtailment across all utilities including electric steam gas and oil. How am I doing? Am I all right? Speed it up.

In-house labor. Labor cost have also been an area of focus, a team is identified areas where in-house labor can provide enormous efficiencies even generating income across roles including cleaners, freight operators, engineers. In-house cleaning eliminate a significant amount of overhead in fact because of our capacity we were able to eliminate supervisory fees in a lot of cases. And using a work order system we're actually able to generate revenues by providing specifically requested services including painting, plumbing, carpentry, HVAC repairs, not sure what that offers off the menu.

This offset the expanse of in-house labor while also providing a greater breath of capabilities to our tenants, which the competitive advantage does. In-house labor saves us $7.5 million a year. And finally portfolio leverage discounts would take advantage of us being the largest commercial property owner in New York City that involve strategic alliances with key vendors and consultants, architects, engineers, utility, security, consultants where we can negotiate 10% to 20% discounts based on our long standing relationships and sheer volume of business.

It is estimate that this economy of scale results in about $4 million of savings a year and one of the more significant areas of focus recently not only for the benefit of cost savings but also for the greater good and the good of the earth is sustainability. Sustainability continuing to be a differentiator within our industry, receiving (inaudible) lead certifications of words and recognition, hence the environmental sustainability initiative as an important factor and we want to be able to use that as a means to not only keep them in our portfolio but to entice them to join us.

So, efficiency tends to be a primary focus for us and since 2010 we've spent $35 million towards energy efficiency programs which is addressing a broad range of initiatives from core heating and air conditioning equipment to low hanging fruit opportunities and this has effectively allowed us to save $10 million annually.

In addition we would be able to capitalize on state and utility incentives achieving about $4 million to reduce our overall project payback to approximately 3 years. So, the projects we began in 2010 have already paid for themselves and we're reaping the benefits of those and it's allowing us to build our sophistication over time and start to plan and prepare for the next level of initiatives.

We're starting to look at co-generation, solar, fuel cell technology, steam reduction technologies that can have transformative effects on our portfolio and buildings and not only achieving savings but helping improve the tenant experience as well. We're working directly with our tenants through helping them achieve lead certifications, to help improve efficiency in their office space and we're also trying to support their adaptation to new technology, introducing electric vehicle charging stations, it's 17 of our suburban office properties.

Today we received the Energy Star label across 24 of our properties which total is approximately 11.8 million square feet of office space and to give you an order of magnitude that's significant because in 2013 alone that represented 12.5% of all Energy Star labels received throughout New York City.

Hopefully all of you will take the sustainability reports that are on your tables, we take this topic very seriously, [Jay] obviously take this topic very, very seriously, one point of recognition that [Jay] didn't make this past year Newsweek did rank SL Green as the sixth greenest REIT of all REITs. That's a pretty lofty accomplishment, congratulations to [Jay] and his team, he's actually set out a goal of doing better next year though, so we'll have to see how he does on that performance.

The result of Liz and [Jay]'s efforts have obviously paid off, over the last five years our operating expenses have actually increased by less than 1% per year in Manhattan same store portfolio, properties that we've owned over that period of time and in some periods they've actually dropped our attendance value, these savings we know -- we value these savings, drive the bottom line it's obviously you value these savings as well.

Our collective effort to increase revenue, save expenses will drive same store (inaudible) increase of $22.5 million for 2014. Turning back to the growth portfolio, this is growth portfolio 1.0, Marc outlined growth portfolio 2.0. We had set a goal last year of increasing EBITDA from that portfolio by $40 million, if the year were around 13 months we would probably get there, but unfortunately we have to give ourselves a rare thumb down.

One more recap of what growth portfolio 1.0 is highlighting some of the properties that we've sold this year that come out of the growth portfolio. While virtually every asset on that page contributed to the achievement of the $40 million target 4 assets were the primary drivers. Those assets are 280 Park, 131-137 Spring, 635-641 6th, and 125 Park. Clearly there are a lot notable achievements at 280 Park not the least of which is having a finish line in site for the grand redevelopment we did there. We and our partner expect to complete that in the first quarter of 2015 and obviously the results are spectacular. Even during the redevelopment, the pace of leasing has been brisk and as Steve mentioned the tenants focusing on this asset are almost exclusively financial services.

At 131-137 Spring Brett and his team unlocked the embedded market to market which is ultimately the goal to these properties in SoHo, doing deals with Burberry and Diesel and driving enormous increase in NOI, as many of you saw this morning 635-641 6th, is spectacular. The redevelopment is complete, the property is 100% leased with 52,000 square feet and leased just this year, rounded out by the recent signing with (inaudible) the property is put to bed and ahead of our underwriting at 125 Park, 123,000 square feet of 2014 leasing, including the relocation of some tenants from the 1 Vanderbilt site has brought the property to near full occupancy.

So, what's in the pipeline that could've gotten us there had the year been a little longer? Well, there are deals in the pipeline at 280 Park, Steve has around 130,000 square feet and advanced stages of negotiation and at 655th as we heard from Brett and our partner Jeff Sutton, we are working diligently, working very hard to get our anchor tenant in place there.

All right. So, I'm going to turn to something -- a topic that this venue was specifically designed for, it's not for Wynton Marsalis, it's not for jazz, it's for earnings guidance for real estate companies. Looking back at the buildup of 2014 in the real estate portfolio we saw an enormous amount of investment activity, acquisitions, dispositions, clearly the accomplishments there not only benefited 2014 but created positive trajectory for 2015.

In our debt and preferred equity portfolio the pace never slowed, once again we exceeded our origination and yield expectations, seeing the portfolio grow by more than $250 million and yields on the portfolio remain above 10% other income was big this year included a number of non-recurring items includes promotes and asset dispositions special fees outside leasing commissions to go along with our recurring third-party leasing and management fees.

All told that's about $11.39 of gross income, I notice Marc let me used the smoke animation again this year, he had taken that out for a couple of years. Initial expense we took a number of prepayment penalties during the year in order to extend our debt maturities, lower our overall cost of debt and in unencumbersome assets, in transaction cost, a very active year, but we were very vigilant, our legal team does a great job in managing a third party professional fees and finally we continue to keep our G&A low.

So, this brings us to roughly the midpoint of our current guidance range 583 ,13% over last year but let's move forward. So, I'm going to discuss the worst kept secret in the investor conference since for those of you on your computer with your mobile device at 3 o'clock the AK came out, I looked up, I saw you all check it, so you kind of know what the guidance is, but let me walk through how we got there.

Starting with our real estate portfolio most significant component of the business we will enjoy the benefits and other extraordinary leasing year turned in by Steve and his team, Manhattan as well as the suburban team who leased over 800,000 square feet this year at a positive mark to market. In addition both portfolios have lightly (inaudible) schedules next year allowing us to attend in-place vacancies and particular in the growth portfolio.

On the expense side we again give credit to Liz and Ed and their team and to Jay as well for containing every cost they can in every way they can but there's a recurring theme that's come up and expense we cannot control Manhattan real estate's access, looking next year it going up roughly 10% across the Manhattan portfolio.

In spite of that increase driven by our revenue side we do expect same store cash NOI growth of 3.5% to 4% in excess of what we achieved in 2014 while GAAP, NOI growth grows but at a slightly more modest pace that fluctuates obviously by the timing of leases. Looking at the components of the GAAP NOI starting with Manhattan, 380 Greenwich the acquisition of our partner's interest will generate over $20 million or incremental NOI in 2015.

At 625 Madison increased NOI comes from the leasing of high value retail, that rental rate is one excess of the in-place rents, at 420 Lex with it's nearly 100% occupancy and leases with the MTA totaling over 300,000 square feet NOI is expected to increase by $5 million there and in the unconsolidated JV portfolio, the success of our prebuilt program at 600 Lex takes occupancy from the high 80s today to the high 90s by the end of next year.

The NOI gains at these properties are offset by the properties that we have sold or will sell including 2 Herald Square and 673 1st which was sold this year and 85 3rd which is out to market right now and we expect to sell in 2015. In the suburban portfolio occupancy gains we achieved in our managed properties will be offset by new vacancies primarily a property not managed by us, like the Meadows in New Jersey and Jericho on Long Island.

These vacancies combined with the sale and (inaudible) portfolio that generate NOI and other suburban sales we were contemplating for 2015 resulting in an overall drop in GAAP NOI for the (inaudible) In the retail portfolio NOI is higher by almost 10% year-over-year driven by some of the properties that we recently acquired in SoHo.

However, I've highlighted the NOI we expect to lose from 131-137 Spring Street which is out to market which we expect to sell for a very attractive price generating a lot of liquidity to our balance sheet. The increase in NOI contribution from a residential portfolio is driven by the $1.5 million of NOI from the just announced portfolio acquisition along with real cash NOI pickups at the previously existing residential properties we owned as we increased rents as leases roll.

That cash NOI increases offset for GAAP purposes by a (inaudible) 141, everybody's favorite topic by about $2 million at the Olivia, that's in (inaudible) Finally in our development redevelopment portfolio the leasing at 280 Park, 635 6th, 655th, 1552 Broadway combined for an increase in our GAAP NOI from those properties of almost $20 million offsetting the lost NOI from properties we sold in 2014 and vacating of tenants at our 1 Vanderbilt site.

Little housekeeping, again this year same store portfolio changes, these will factor in when we give our same store goals at the end of the program, very modest changes to this year's same store portfolio. In the debt and for equity portfolio while Dave and his team faced a more competitive environment, the tightening spreads and a strong New York City financing market that drove nearly $600 million repayments in 2014, our portfolio grew beyond our original expectation and the yield achieved were well in excess of the 8.5% we projected.

Pipeline remains full but we don't take the strong performance for granted and realized it would be challenging to maintain it which simply means David needs to work harder. In 2015, we see our portfolio continuing to grow but remain below our self imposed cap of 10% of enterprise value. Like last year we've assumed the origination it will be about 8.5% just covered to achieve this competitive environment but we expect to be able to take advantage of the relationships and deal structuring to achieve outside returns, but 8.5% is lower than the average yield of roughly 11% on the $400 million to $500 million of repayments we expect to receive in 2015. No, we have not assumed any non-recurring income in the debt for equity portfolio like we were able to achieve in 2014.

In other income, 2014 provided some promotes on its dispositions of 180 Broadway, 747 Madison, and 1604 Broadway about $22.2 million. We also received the loan assumption fee in conjunction with the recapitalization of 5 Times Square. In 2015, we're not protecting the same volume of promote and non-recurring fee income as we received this past year. However, constantly evaluating opportunities to generate fees or promotes so while the other -- we recognize other income, non-recurring other income items to 2015, history would say yes but those type of things are very difficult to predict.

Turning to interest expense remained committed to the balance sheet strategy that garnered our second investment grade rating this year. Among other things the strategy involves the focus on maintaining substantial liquidity, terming out that maturities, managing our fixed and floating rate debt composition and increasing our encumbered asset base.

During 2014 we will record around $32.5 million of non-recurring charges related to refinancings or repayments during the year. This includes the $7 million charge we will take in the fourth quarter when we repay the mortgage on 625 Madison sometime next week. These charges allow us to benefit from more economic financings, as I said increasing our encumbered asset base.

On the [heels] of the repayments of mortgages on 125 Park and 625 Madison, next year we expect to repay our only remaining significant 2015 mortgage maturity at 711 3rd at its open date in the first quarter. As evidenced here we -- a fundamental part of our investment grade strategy was to manage our debt maturities. So, I'll repaying 711 next year, this past year we did attend to more than $1.5 billion of maturities in 2016, 2017, and 2018 well in excess of the goal we set for ourselves last year and of the score card goal of attending to more than 20% of the maturities over that same period of time.

You got three seconds to look at this one. Transaction, cost $1 million a quarter, 4 million in total, we're going to manage our costs. That's it. G&A, operating our efficiency of our organization is well-known or one of the most active REITs across all sectors and our growth in both sides and profitability over the last several years has been substantial, but our streamlined organization allows us to keep G&A expense consistently low on a relative basis and for 2015 we expect an increase of less than $3 million, roughly 3%, keeping us at the low end of the peer set while whether measured as a percentage of total assets or total revenues.

So, now we're going to put the puzzle together, use the animation capabilities. You'll know that this build is using our estimated new diluted share count for 2015 of 102.3 million shares, bringing us to -- the secret divulged at 3 o'clock this afternoon and reiterated at whatever time it is right now. Mid-point of our guidance range 627, current guidance range for next year 624 to 630, 7.5% increase over this past year and as I mentioned earlier we're up 13% this year over last.

And one of the highlights of every year's presentation are fed estimates. Recall last year we started to break out the concession packages associated with the city and Viacom leases because we and most of the investment community looks at the capital packages there differently than other second generation capital, so we break out reported FAD where we have a large non-cash adjustment from next year basically because of the free rent for Citi next year. And then down below we put the Citi free rent back in with the capital packages for them and for Viacom driving a recurring FAD number of over $5, better indication of our recurring operating cash flow.

Okay. Back to the score card, my last section. Last Monday we announced a 20% increase in our dividend, we had a set of goals for ourselves, fairly locked and do almost for the (inaudible) last year of 7.5%, the street saw 10, we did 20, we are living by our practice of paying out 100% of taxable income. As you've heard the markets are strong, profitability is up, taxable income is up, dividend is up.

With a forward look we would expect that next year that dividend could increase again by 10%. But on a relative basis our payout ratio remains at the low end of the range, here I've given you six years of historical, we've had four very material increases our dividend since we cut it to the bare minimum in the financial crisis to retain capital, but we are focused on retaining capital for a creative investment activity, we will continue that practice and the payout ratio continues to be low leaving a lot of cash in the tank.

And with that for those of you who are still awake I ask that you turn to the person next to you and wake them up. I'm going to bring Marc and Andrew back to close it out.

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

Okay. Okay. Well, thank you everyone for your attention through the process. We're going to -- Andrew and I are going to wrap it up with a few different things, score card, 2015 goals and objectives, a little Q&A, but we do want to do our own little bit of housekeeping and before we go on I do want to thank Jim Mead for four years of professionally executed service to the company.

You guys in the shareholders dealt with him primarily in an outside role but Jim had a very positive impact internally as well and he was a great colleague and friend and we're going to miss him, it's not easy to come into a place like SL Green if you're not part of the 15 year crew and Jim did it, he had the ability to get involved, make a difference, and we'll miss him, so thank you Jim Mead.

So, we're going to do just I guess there's one more bit of housekeeping on the score card. Is there a score card up here? The last topic was TRS and we have ourselves a dual goal this year, absolute and relative. We hadn't done a relative test before, so we aren't exactly sure where to benchmark because I don't really see a lot of other companies benchmarking themselves relatively in a score card sense either.

So we thought that 10% total return would be a pretty good goal having come off of extremely high years of outperformance in 2011, '12, and '13. And on a relative basis, we said 300 basis points higher than MSCI, the RMS which sounded to us like a fairer bit of outperformance.

So where we ended the year, you can see one year, 31.9%. So we undershot a little bit on absolute TRS which we're very happy that with our efforts and a good market, we're able to not only achieve very high rate of return but 360 basis points of outperformance which we've exceeded our relative goal as well. And you can see there is some stats I showed you earlier about going back in time. We don't really look at it as one year or even three years, it's a very long term plan. The plan sometimes takes 5 to 10 years to execute in asset full cycle.

So we're just proud of our near term performance as we are as the long term performance. And when you stack it up against some of our peers, they are again -- I think the company shines in terms of how shareholders have reacted to what we do in terms of demand for our currency which has been market-leading in almost all of those timeframes shown to you across the screen relative to other large New York City participants and our office peer set in general. So that's good.

Now before we go to 2015, we'll summarize the '14 goals. We got thumbs up on both of those last boxes. So we have a fully populated '14 score card which looks pretty damn good to me. Although the two thumbs down will be a bit of an irritant, so we're going to have to eliminate those in 2015. I think both of those are going to be achievable goals for '15.

But before we go to '15, let's just take one brief look at an interview with Mary Ann Tighe, one of the leading brokers in our market and see what she has to say about the coming year of '15.

(Video Playing)

Mary Ann Tighe *- New York Tri-state Region - CEO*

2014 was a year in which the leasing market finally began to catch up with the sales market. We are a city of cycles. And in the last few cycles, the sales market has outpaced the leasing market. But now we're in the leasing catch up phase where we're beginning to see real positive absorption occur through all the submarkets and where we're also beginning to see prices finally begin to move up and concessions begin to modify somewhat.

I think that the upward trend line is there and typically what happens since we're such a supply constrain market that when the market turns up, it begins to move up decisively.

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

Okay. So let's look at 2015 goals and objective. This will help guide and motivate us for the year to come in somewhat the same categories of leasing, investments, resi and residential One Vanderbilt and a bunch of financial performance measures at the bottom. I think Andrew is going to lead off first with our leasing objectives for the coming year.

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

All right, lofty goals for Steve Durels and his team. 1.8 million square feet of Manhattan signed leases, 96.5 for same-store occupancy, which Matt tells me is not the same as it is 96.8% that was on prior same-store, this is on Manhattan's new 2014 same-store -- 2015 same-store start of 96.5% and market-to-market of 10% to 12%.

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

Okay. A lot of those projections you heard -- yes, the team speak about during the meeting.

Let's move to investments. We're looking about still somewhat of a slightly heavier orientation to dispositions and acquisitions, that didn't bear out this year although that was our orientation going in. Our orientation right now is the same, almost view neutral but with a slight advantage to dispositions because we do have several properties in the queue that we expect to sell. And that outweighs the pipeline of acquisitions we have in the queue which tend to be more numerous but smaller in size depicting how we've sort of reallocated or reprioritized the deployment capital.

Increase DPE balance. Someone said some bet David working harder, we can live with that. So I hope you can, David, but I'm sure you're up to it. And selling $100 million of -- or an excess of $100 million of suburban assets now that the market seems to have gotten a little better for demand for these assets outside of core New York City.

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

All right, resi and retail. David and Brett went through their respective sections and we broke it out this year given sort of the new resi division, SLG -- SL Green retail and -- I'm sorry, the new resi investment in the Stonehenge platform and the new retail breaking out into SL Green retail.

So they each got their own aggregate investment targets this year of $300 million each. That's up over the prior year combined. Sign an anchor tenant at 719, 7,000 new -- Brett mentioned that as a goal. And then we did put back up sign an anchor tenant at 650 Fifth. We fully intend to get that project cash flowing in earning this year.

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

Okay, next, One Vanderbilt. Our goal there is not just to now have it certified for a special permit, we actually want to obtain it. Once we obtain it, we got to start right in the development site and go ahead and commence demolition in 2015 at One Vanderbilt which will formally kick off the construction phase of the fairly spectacular building that Jamie von Klemperer showed to you.

All right. Financial performance, Matt went through his goals for the year. Same-store cash NOI up 3.6%. The growth portfolio NOI increased this year of $30 million. Jim outlined the goal to take our new rating out for a test drive, an issued at least 250 million of index eligible bonds, raised the dividend by 10% plus on top of a couple of stray years of significant increases.

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

Then as it relates to ISS, we've set a goal of trying to obtain their support on various levels this year including stay on pay, not an easy task I can say. We're not the biggest fan of ISS as analytics when it comes to this area particularly with respect to compensation because we're not quite sure they go through it as rigorously. And with the integrity we'd like them to go through it.

It's fairly complex because we have programs that are geared towards aligning management with shareholders with incentives, and hurdles and performance measures that are fairly robust. But we find from time to time what comes out in the reports sometimes has errors, omissions and other things that we attempt to correct with them but don't always get a successful ability to correct. And therefore we have an outreach program to our shareholders who have gone beyond the ISS recommendations in the past but clearly it doesn't mean we want to rely on that going forward.

We like to spend the time with ISS which I think they're a little more open to these dates hopefully. And we'll give it every attempt to try and pull these performance metrics into their calculus and analysis of compensation so that they can get behind the company next proxy season.

Lastly, total return targets for the year or goals for the year. Clearly, we'd like another 10% year. I don't know how many years we can get up here in front of you and say we want a 10% total return. Because for any equity-oriented REIT that's -- any equity oriented company that's levered less than 50%, it's a very high level of achievement to obtain but we've done it historically and we're going to work like mad to do it again. And I think we've shown you the path as to how we're going to do it but we need your help.

And also, now that we see how hard it is to exceed the MSCI by 300 basis points having increased our stock price, 31% this year. We are going to come out with what we still are told is a robust outperformance level of 250 basis points of excess performance against the RMS this year.

So that's really it and -- I almost forgot, we have one more -- not really an interview but I'd say somebody who's been a big fan of the company, probably own some shares, and somebody who just want to deliver a message to you guys before we break for Q&A.

(Video Playing)

It's your man, Floyd "Money" Mayweather. The best [state] with the best -- with the right team, SL Green, longevity, [baby]. I've got immunity for me and [Chris Rock], the best [deal].

What do you got for me?

Is that how you're rolling?

Hey, did you see where [Mike] went?

Whatever they say, they can't beat me up.

Absolutely.

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

Okay. So look, we're going to open it up for Q&A. Just a couple of quick acknowledgements. First, the production staff on today's thing, my God, it was -- you guys are unbelievable. The staff, the production team, everything, flawless, excellent. And I hope everybody here enjoyed it as much as we enjoyed presenting today.

To our shareholders, thank you for your loyalty throughout the years. This day means a lot to us because it's the culmination of the efforts. We don't get to stand here and trying to -- I wouldn't say pat ourselves on the back, but at least sort of pat each other on the back and then kind of hurt ourselves by setting a whole new platter of hard-to-obtain goals for next year which I hope we will be able to get done.

Thank you to the Board for attending this as you always do because it's great to be able to set the stage for next year and have you guys to be a part of this. And mostly to the exec team, our employees, we are -- I think we're blessed with some of the best employees in New York City, and loyal, dedicated, to get up the energy for the kind of year-end we had and have this overlaid throughout.

I think we started this in September this year. Every year, it gets a month earlier. Soon, we'll be starting as soon as we leave the room for the next year's presentation. But you guys are terrific. Thank you everybody in the back, awesome year.

And with that, Q&A, if anybody asks questions.

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

Thank you.

QUESTION AND ANSWER

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

I thought I was going to get away with no questions. I thought I had it, it was in the big close. Floyd Mayweather, you're going to -- you're coming after Floyd. All right, we tried. Let's get the questions.

Can you talk a little bit about the growth portfolio 2.0 plus One Vanderbilt, how much more capital would have to go in to achieve ultimately the NOI that you want to get? And what's the sort of basis between those two in terms of what you're carrying today in those assets?

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

Well, when you say -- we have so many various levels of growth. So growth 2.0, there's a lot of different things going on in there. The capital in terms of assets are the development assets. I would say that for a lot of the growth that's coming out of the stabilized portfolio or built assets within the growth 2.0 portfolio, it's fairly nominal. I mean it's leasing capital.

I think the leasing capital this year on average was about $35 [for the TI] plus or minus, plus another $10 bucks for commissions and then free run on top of that for new leases. So you have to go through that growth portfolio, and whatever is pure lease up, you'd apply those numbers are probably full TI in those cases.

For the stabilized portfolio, you'd apply the numbers I just gave you to everything that was in the -- I think it was $35 million -- or $39 million of NOI creation in the stabilized portfolio, just straight TI leasing commission, so on average, $50 a foot. There are about four new deals in the growth portfolio, closer to -- Steve? $100 a foot when you factor in TI, leasing --

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Steve Durels - ***SL Green Realty Corp - EVP and Director of Leasing***

Leasing commission.

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

-- leasing commission, and free rent, so 100 a foot. So that's all capital that is funded out of cash flow, so we don't show it here as an additional financing factor or load because I showed you we're at Matt's numbers. I think we have something to the tune of like 625 million of FFO projected for the year, maybe that's not cash but close enough, $625 million less 240 million or so for dividend. So the balance which is almost $400 million basically more than covers all the leasing capital in the growth portfolio or the leasing capital in the stabilized portfolio and there's money left over for good measure to go towards some of the developments.

You put One Vanderbilt in that same -- that's like its own separate world which we'll come back in 2015 and talk about our capitalization plans for projects like One Madison Avenue, One Vanderbilt Avenue. Those are the two that stand out --

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Yes, in the developments I went through 760 and go on as we generally have a smaller nature and could we handle a lot of cash flow?

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

Yes. So I would say those two in particular will have their own equity and debt source fundings but the capital spend on those deals are not in 2015. There's some capital spend for the demolition on One Vanderbilt that Ed took you through but that's modest in the scope of the whole project. So I'd say the bulk of what you saw absent in the large development deals are self-funded.

A separate topic, curious about strength of the dollar and its potential impact. I hear a lot about capital flows and we see anecdotally tons of demand institutionally for assets in New York, real estate assets broadly, I'm just curious about your thoughts and the strength of the dollar and the potential impact.

There's so many computing factors out there right now and it's such a clouded geopolitical climate and [re-climate] and commodity climate. We have not seen much impact from the strength of the dollar in terms of capital flows because people are -- it's less of a foreign exchange driven investment and more of a safety security perception of growth for reasons beyond foreign exchange. So I don't see it as a major risk to the continued capital flows in 2015.

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

I think it might be more Andrew did a segment on retail expenditures, retail rents, tourism -- no that could be a more--

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

That could be a lot more sensitive to foreign exchange.

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

Yes. I would expect that would have much greater in real-time impact. But I don't think the currency exchange is driving the large capital flows as Andrew mentions. But we'll see. But it hasn't -- it's never really in decades that I've seen it's never been really a driver of the capital flow. It's usually been just quantity of equity out there with interest rates and alternative investments.

Any other questions? We've got two. Oh, three. I'm sorry.

Okay. Just question on the retail; you put up a slide earlier that basically showed you on the double year retail contribution to the overall portfolio, so it's a two-part there. One obviously retail the secrets out, there are a lot more competitors buying street retail. So do you see guys as in terms of trying to get more of the near fair share either some newer locations to go for street retail that's going to help you satisfy that or do you see maybe things like JVs or preferred investments to get it more retail opportunities?

And then once you get to that larger retail what does to do to your 3.5% type same store NOI, do you see it enhancing it? So it's going to grow quicker or it's just part of what keeps it growing at that rate?

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

All right. At the new locations and investment focus Andrew will address that. In terms of, how do we get from 10% to 18% which I think is what the numbers were if I'm not mistaken on that point of those pie charts.

Some of that's going to happen organically because Andrew showed you about $164 million of incremental revenues that will factor and as we redeveloped what we have because we have a lot right now and we have to bring to fruition. And in addition, we will be targeting new areas which I guess Andrew will speak about it.

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

And I think it's a combination of most of the deals brought, put up on the screen were off-market deals. So that there is a lot of competition for marketer deals and something like the crown building where it's a full marketing (inaudible) book that's going to -- that's attracting worldwide capital interest.

So the pricing there looks to be the early indications are the pricing that's going to be a difficult deal for us to capitalize but that leaves a lot of other areas in the city where they're out of the focus and spot light on Fifth Avenue. And also a lot of sellers that are not interested in a full marketing, at a process and a cash type sale but we can go to the OP unit currency like Marc went through in the growth drivers, a lot of deals, the retail deals are owned by generational legacy type of owners who are potential OP unit recipients. And we're also doing a lot of development in retails.

So a lot of our advantage is being able to what Brett showed you with the Burberry and Diesel location in Spring Street going in redeveloping, adding 4,500 square feet. Our Fifth Avenue assembles just going to be where demolishing the buildings are on the site, they're ground up new developments. So a lot of this transformational and not just buying what the hot -- the lowest cap rate stuff is developed, and fully baked, that's what's really getting a lot of the capital flows.

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

Yes.

Can you talk about the (inaudible - microphone inaccessible) last year in Manhattan? And just wondering if you talk a little bit about you assumptions for this out year at this to get talk to the past Monday 25-ish% rent growth over three of four years, where you're at saying and maybe how that compares to more regress of pricing in earning?

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

I think the numbers we've put on the base model earlier are the ones how we go with for now. I mean, that's a blend of all the properties that make up that stabilized portfolio. But I seem to recall it's about 4.5% compounded over the next five years.

So that probably -- I can't do the math in my head but it's probably 20 --

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

7.5%, 3% thereafter.

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

Yes. At 7.15. It's probably lower in mid 20s over the next five years which in terms of what we're underwriting as baseline and then I buried it down a little up a little. I think that's a reasonable projection at this point. You heard Mary Ann Tighe finished up by saying -- Product constraint market like this is in 2015 at least there's not a lot of new product coming online. When the rents move they move faster, quicker -- whatever she said. And that's right. So I do think you could get a little bit of front loading effect there for next year or the next 18 months where you could see easily 7.5% to 10% in the next 12 to 18 months.

(Audio gap) 4:49:00- 4:49:50

-- versus smaller. And then also when do we start to see the conversations about Hudson Yards and downtown impacting the midtown big block markets.

All right. Well, let's -- the first question Steve, in terms of pipeline -- are you mic up? I think you're going to--

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

Can you bring up Steven Durels' mic?

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

All right.

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

Or grab the -- he's got it.

Steve Durels *- SL Green Realty Corp - EVP and Director of Leasing*

Yes. Hello. So--

Pipeline of--

Steve Durels *- SL Green Realty Corp - EVP and Director of Leasing*

--pipeline of big blocks we're seeing -- well I put the one slide which we've seen a lot of big deals done this year by comparison for the last year so you can set that as the stage. And there's clearly a lot of big tenants floating around in the market right now that we're seeing. We've got a couple of good size deals that we're chasing one in particular at 280 Park Avenue.

So that's what leaves me to believe that with the reduction in supply of big block and the fact that there is good demand that's out there that's going to lead to the premium, and I think ultimately although I didn't put it as one of the real predictions I think the moment is very close to where we're going to start to see tenants with more long dated expiration 2007 and '18, '19 type of tenants are going to start to get fearful where the rents are headed. And you're going start to see them coming to the market and those are generally bigger tenants that will add to that pipeline of deals.

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

Yes. You heard from three or four of the absolute top tenant representatives in the city and there -- we didn't actually script all their comments they are generally anticipated market growth, they're counseling their clients, the '17 and '18 guys as Steve said you're going into a rising market, start to lock down space now. If they saw the market differently we've seen in past cycles they'll tell their clients to throttle back because the last time they wanted to do is lose an account because they council the guy that lock in rates and in the market goes down.

So that type of feedback from them is helpful in terms of setting the stage for us for next to see a little big competition for space which really does drive that big block demand at the end to that.

Steve Durels - ***SL Green Realty Corp - EVP and Director of Leasing***

Right. In terms to your second question which dealt with Hudson Yards additional inventory I think was the question. We're seeing that now, so when you say -- When we'll we see it? -- I think you see the effect of it now. We had to compete against Hudson Yards for Viacom for city so that was real-time both of which we were successful. And not too many other tenants I would say of the 250 plus or minus transactions that we're going to presumably execute in 2015 very few of them are of the size or nature that are going to be candidates to move to the west side.

So I don't think we're going to see a lot of direct impact on the portfolio. It hasn't been that way in 2014 I don't think it will in '15. You saw the roll of largest tenants we have rolling by and large or maybe 100,000 feet and less expect for one. All right. I mean, that's it. So other than one I think it's a 100,000 feet and less, so not really prime candidates.

In terms of vacated space from tenants move I think you can see that for a few years and I think before -- we get this question a lot, before you have to worry about what's the effect of the added inventory, I think you have to look at what the effect of the lack of inventory is going to be in '15 and '16 before those buildings come on where I think things are going to get tighter before there'll be an outlet for rents and tenants when those buildings get built. We think it's healthy, I mean, if this market is going to grow 4 million to 5 million square feet a year in organic demand. You need some new product to keep things in balance where things will get too expensive and that's not a stable market either.

And then we have to start competing against momentum players on the capital side. So I'll take it a market with solid, stable demand and some addition to inventory over time, any day over a non-growing market but no additional inventory.

So I think we're seeing it and the impact is just -- is in the numbers that we presented to you and factored it into the guidance. Any other--

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

And the good thing is I would just add this building the Time Warner condo traded for a very high price, they have a very rent expectation for the space when they put it back in the market. So the capital market helps particularly of assets [chain change] where space can get [re-rented]. So that the groups that brought these particular -- the commercial condo in this building they got to and get big rents in order to justify the price they paid.

So that will make that space non-competitive where like a 3 Columbus or other buildings we own in the area, 1745 Broadway which we announced this morning.

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

Do we have other questions? With no further questions we bid you adieu. Thank you very much.

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

Thank you.