SL GREEN REALTY CORP.

October 4, 2012

# SL Green Announces Recapitalization of Large West Coast Office Portfolio

## New Ownership JV Includes Blackstone and Other Leading Commercial Real Estate Investors

## Debt is Extended with Significant Capital Invested to Lease-Up the Portfolio

**New York, NY, October 4, 2012** -- SL Green Realty Corp (NYSE: SLG), together with an affiliate of Blackstone Real Estate Partners VII, Gramercy Capital Corp. (NYSE: GKK) and Square Mile Capital Management LLC, today announced the formation of a joint venture for the recapitalization of a 31-property, 4.5-million-square-foot office portfolio in Southern California. Following the recapitalization, Blackstone is now the majority owner of the venture.

The portfolio comprises 59 buildings, located in various submarkets including Los Angeles, Orange County and San Diego. It includes assets such as the LA Corporate Center in Monterey Park, Skyview Center in Los Angeles, 350 South Beverly Drive in Beverly Hills and Carmel Valley Center in San Diego's Del Mar Heights.

Blackstone has invested approximately $85 million into the portfolio to de-leverage and establish significant leasing and capital reserves. Equity Office Properties, a Blackstone affiliate, will assume full responsibility for the portfolio's management and leasing, adding to its existing 11.2 million square foot portfolio in Southern California.

SL Green Co-Chief Investment Officer David Schonbraun said, "This recapitalization permits SL Green to retain upside in a portfolio that will enjoy the benefits of professional management, capital for leasing and an improving Southern California office marketplace. In arranging for this new equity structure, we took advantage of our strong reputation as an investor and benefited from our close existing relationships with many of the other parties involved, including Blackstone."

He continued, "We believe that with the experienced management of Equity Office, a company with years of experience in Southern California, this portfolio is primed for a rebound. The fact that more than a half dozen expert equity and debt investors agree, and have come together to make substantial financial commitments, speaks volumes about their confidence as well. SL Green is now well positioned to recoup its original investment in full, and to benefit from the anticipated upside as well."

Jacob Werner, Principal in Blackstone's real estate group, said, "We are excited about the opportunity to form a joint venture with such terrific partners, including SL Green, and to make an additional investment in high-quality office assets in Southern California. We believe our investment of capital should allow the portfolio to fully benefit from the continued market recovery."

The extended $678.8 million mortgage financing was led by New York Life Insurance Company, as Agent, and the following lenders: DekaBank Deutsche Girozentrale, Westdeutsche ImmobilienBank AG, Muenchener Hypothekenbank eG and Wells Fargo Bank. Total financing on the portfolio after the recapitalization is $746.8 million.

Goldman, Sachs & Co. acted as advisor to SL Green, Gramercy and Square Mile on the transaction.

**About SL Green:**

SL Green Realty Corp., New York City's largest office landlord, is the only fully integrated real estate investment trust, or REIT, that is focused primarily on acquiring, managing and maximizing value of Manhattan commercial properties. As of June 30, 2012, SL Green owned interests in 71 Manhattan properties totaling more than 39.2 million square feet. This included ownership interests in 27.4 million square feet of commercial properties and debt and preferred equity investments secured by 11.8 million square feet of properties. SL Green also owns 385 residential units in Manhattan encompassing approximately 0.5 million square feet. In addition to its Manhattan investments, SL Green holds ownership interests in 32 suburban assets totaling 6.9 million square feet in Brooklyn, Queens, Long Island, Westchester County, Connecticut and New Jersey, along with four development properties in the suburbs encompassing approximately 0.5 million square feet.

**About Blackstone:**

Blackstone is one of the world's leading investment and advisory firms. We seek to create positive economic impact and long-term value for our investors, the companies we invest in, the companies we advise and the broader global economy. We do this through the commitment of our extraordinary people and flexible capital. Our alternative asset management businesses include the management of private equity funds, real estate funds, hedge fund solutions, credit-oriented funds and closed-end funds.

The Blackstone Group also provides various financial advisory services, including financial and strategic advisory, restructuring and reorganization advisory and fund placement services. Further information is available at www.blackstone.com. Follow us on Twitter @Blackstone.

**About Equity Office:**

Equity Office is a wholly owned portfolio company of Blackstone. The company manages more than 70 million square feet of Class A office space throughout the U.S., with concentrations in California, Boston and New York. Additional information about Equity Office is available on the company's website at www.equityoffice.com.

**Forward Looking Statements**

*This press release includes certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and are intended to be covered by the safe harbor provisions thereof. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that we expect, believe or anticipate will or may occur in the future, including such matters as future capital expenditures, dividends and acquisitions (including the amount and nature thereof), development trends of the real estate industry and the Manhattan, Brooklyn, Queens, Westchester County, Connecticut, Long Island and New Jersey office markets, business strategies, expansion and growth of our operations and other similar matters, are forward-looking statements. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate.*

*Forward-looking statements are not guarantees of future performance and actual results or developments may differ materially, and we caution you not to place undue reliance on such statements. Forward-looking statements are generally identifiable by the use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," "project," "continue," or the negative of these words, or other similar words or terms.*

*Forward-looking statements contained in this press release are subject to a number of risks and uncertainties that may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by forward-looking statements made by us. These risks and uncertainties include the effect of the credit crisis on general economic, business and financial conditions, and on the New York metropolitan real estate market in particular; dependence upon certain geographic markets; risks of real estate acquisitions, dispositions and developments, including the cost of construction delays and cost overruns; risks relating to structured finance investments; availability and creditworthiness of prospective tenants and borrowers; bankruptcy or insolvency of a major tenant or a significant number of smaller tenants; adverse changes in the real estate markets, including reduced demand for office space, increasing vacancy, and increasing availability of sublease space; availability of capital (debt and equity); unanticipated increases in financing and other costs, including a rise in interest rates; our ability to comply with financial covenants in our debt instruments; our ability to maintain our status as a REIT; risks of investing through joint venture structures, including the fulfillment by our partners of their financial obligations; the continuing threat of terrorist attacks, in particular in the New York metropolitan area and on our tenants; our ability to obtain adequate insurance coverage at a reasonable cost and the potential for losses in excess of our insurance coverage, including as a result of environmental contamination; and legislative, regulatory and/or safety requirements adversely affecting REITs and the real estate business, including costs of compliance with the Americans with Disabilities Act, the Fair Housing Act and other similar laws and regulations.*

*Other factors and risks to our business, many of which are beyond our control, are described in our filings with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of future events, new information or otherwise.*

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