SL Green Teams with Stonehenge Partners to Acquire NYC Retail/Residential Portfolio

New York, NY, October 3, 2011 - SL Green Realty Corp. (NYSE: SLG) today announced that it has formed a venture with Stonehenge Partners and entered into a contract to acquire eight retail and multifamily properties for $416 million. Stonehenge, one of New York City's most prominent multifamily property operators, will reposition and manage the residential portion of the portfolio. The transaction is expected to be completed in the first quarter of 2012.

SL Green indicated that a key component of the transaction is 724 Fifth Avenue, a prestigious retail location located between 56th and 57th streets in Manhattan's Plaza District. The renowned Italian fashion house Prada currently occupies approximately 20,700 square feet including the grade, mezzanine, second floor and lower level retail, as well a boutique office floor. The property enjoys prime position along the "Gold Coast" of Fifth Avenue - a retail corridor known to achieve some of the highest retail rents in the world. It is situated in the vicinity of other retail properties which SL Green has ownership of, including 717 Fifth Avenue, home to Giorgio Armani's flagship store and the future flagship store of Dolce & Gabanna, in addition to 720 Fifth Avenue.

The residential portion of the portfolio includes a total of 402 rental units located in prime Midtown and Upper East Side submarkets. The SL Green/Stonehenge venture plans to significantly upgrade a selection of units and building amenities in an effort to maximize value. Stonehenge, which currently owns and manages over 2,560 apartment units in New York, will bring to bear its specific expertise to the venture and will be responsible for day-to-day management and marketing of the multifamily assets along with the execution of the renovation/upgrade program.

The transaction is the latest in a series of significant investments by SL Green that have involved premier retail properties and locations. Previous notable examples have included the recently-concluded 1552-1560 Broadway transaction, the American Eagle and Aeropostale flagships in Times Square, and the recently acquired 747 Madison Avenue.

The full portfolio being acquired in the transaction announced today includes:

- 724 Fifth Avenue, a 12-story building that currently includes the Prada retail space and several floors occupied by gallery tenants.
- Interests in 752 Madison Avenue, a four-story retail building completely occupied by Armani under a sub-lease arrangement that expires in 2025.
- Interests in 19-21 East 65th Street, a pair of mixed-use properties adjacent to 752 Madison Avenue. The combined properties include 9,000 square feet of retail, office, and gallery space, along with 17 multifamily units.
- 762 Madison Avenue, a five-story building located between 65th and 66th streets and also adjacent to 752 Madison Avenue. The asset includes 6,000 square feet of office, retail and gallery space, with the lease on the ground floor retail space expiring in 2013.
- 44 West 55th Street, a five-story commercial building located between Fifth and Sixth Avenues. With two floors currently vacant and leases on two additional floors scheduled to expire in 2012, the well-located midtown building offers a significant repositioning opportunity.
- 400 East 57th Street, a 260-unit multifamily building located on the southeast corner of 57th Street and First Avenue. While already featuring attractive common areas, the SL Green/Stonehenge venture plans to implement a strategic capital plan to upgrade select building amenities. In addition the venture will upgrade the ground floor retail space as needed in order to capture market-level rents from credit tenants.
- 400 East 58th Street, also located along First Avenue. The building features 125 multifamily units and 4,000 square feet of ground floor retail space, with the latter currently leased at below-market rents to non-credit tenants.

Andrew Mathias, President of SL Green, commented "This is an exciting opportunistic investment for SL Green, which already has an outstanding track record in acquiring and repositioning New York City office and retail properties. We also are excited about making our first significant equity investment in the multifamily area, which helps to diversify our portfolio further while still maintaining our New York City focus."

Marc Holliday, Chief Executive Officer of SL Green, added, "In joining forces with Stonehenge Partners, we have brought together two companies with complementary strengths. Along with our property renovation and repositioning know-how, we have considerable experience in underwriting residential transactions through our structured finance program. Stonehenge is one of the city's best multifamily property operators. We believe the residential portion of this venture will produce solid returns."

Ofer Yardeni, managing partner and co-founder of Stonehenge Partners, said, "The Stonehenge footprint in New York City continues to expand and this venture with one of New York City's pre-eminent real estate companies further enhances our presence and brand. We look forward to collaborating with the SL Green team in repositioning these properties and bringing them to their full potential value."

FTI Consulting Inc. served as an advisor to SL Green and Stonehenge in the transaction. Fried, Frank, Harris, Shriver & Jacobson LLP represented SL Green and Kirkland & Ellis LLP represented Stonehenge Partners in the transaction. Greenberg Traurig, LLP acted on behalf of the seller.

<u>About SL Green:</u>
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, 2011, SL Green owned interests in 57 Manhattan properties totaling more than 33.6 million square feet. This included ownership interests in 25.8 million square feet of commercial properties and debt and preferred equity investments secured by 7.6 million square feet of properties. In addition to its Manhattan investments, SL Green holds ownership interests and debt and preferred equity interests in 32 suburban assets totaling 7.3 million square feet in Brooklyn, Queens, Long Island, Westchester County, Connecticut and New Jersey, along with four development properties in the suburbs encompassing approximately 465,000 square feet.

<u>About Stonehenge Partners:</u>
Founded in the early 1990's by Ofer Yardeni and Joel Seiden, Stonehenge Partners is a fully integrated real estate company based in New York. The firm which has 55 employees is primarily invested in Manhattan multifamily real estate. Stonehenge, together with its investment partners, currently owns and manages a real estate portfolio valued at nearly $1.8 billion. The portfolio is comprised of 19 properties representing approximately 3.2 million square feet, including 2,560 residential apartment units, office, retail and garage space. For more information about Stonehenge Partners please visit www.stonehengenyc.com

<u>Forward-looking Statements</u>
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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