SL GREEN REALTY CORP.

March 2, 2015

Rating Action: Moody's upgrades SL Green's unsecured debt to Baa3; stable outlook

Approximately $1 Billion of Debt Securities Affected.

New York, March 02, 2015 -- Moody's Investors Service upgraded SL Green Realty Corp.'s senior unsecured debt rating to Baa3, from Ba1 with a stable outlook. This rating action reflects SL Green's leadership position as an owner and operator in the New York City office market as well as the company's strong liquidity and diversification into retail and multifamily assets. Offsetting these strengths are SLG's geographic, industry and tenant concentrations, and high leverage as measured by net debt/EBITDA and secured debt. The stable rating outlook incorporates Moody's expectation that SL Green will continue its strong operating performance and maintain its defensive credit metrics.

Thefollowing ratings were upgraded with a stable outlook:

SL Green Realty Corp. -- senior secured shelf to (P)Baa2, from (P)Ba1; senior unsecured debt to Baa3, from Ba1; senior unsecured shelf to (P)Baa3, from (P)Ba1; subordinate shelf to (P)Ba1; from (P)Ba2; junior subordinate shelf to (P)Ba1; from (P)Ba2; preferred stock to Ba1; from Ba2; preferred shelf to (P)Ba1, from (P)Ba2.

SL Green Operating Partnership L.P. - senior secured shelf to (P)Baa2; from (P)Baa3, senior unsecured shelf to (P)Baa3, from (P)Ba1; subordinate shelf to (P)Ba1, from (P)Ba2; junior subordinate shelf to (P)Ba1, from (P)Ba2.

Reckson Operating Partnership L.P. - senior secured shelf to (P)Baa2, from (P)Baa3; senior unsecured debt to Baa3, from Ba1; senior unsecured shelf to (P)Baa3, from (P)Ba1; subordinate shelf to (P)Ba1, from (P)Ba2; junior subordinate shelf to (P) Ba1, from (P)Ba2.

RATINGS RATIONALE

Moody's rating action also reflects SL Green's strong liquidity and improving financial metrics. The REIT's fixed charge coverage increased to 2.5x at YE14 from 2.3x at YE13 and 2.2x at YE12. Although the REIT's net debt/EBITDA is material at 8.3x at YE14 and secured debt is high at 31%, SL Green is committed to improving its balance sheet as evidenced by the unencumbered asset pool increase to 56% from 30% at YE12. SLG's on balance sheet leverage, on a combined basis including Reckson, is viewed as moderate at 46% at YE14, but has declined from 54% at YE09. Net debt to EBITDA at SLG has increased substantially at YE14 to 8.3x from 7.7x at YE13 and 7.2x at YE12 due to the acquisition of SL Green's partner's interest in 388-390 Greenwich Street (Citi building) and refinancing its debt, which was brought onto the balance sheet.

SLG's ratings continue to reflect its high-quality portfolio comprised of interests in 101 Manhattan properties totaling more than 42 million square feet. In addition to its Manhattan investments, SL Green holds ownership interests in 36 suburban assets totaling 5.9 million square feet in Brooklyn, Long Island, Westchester County, Connecticut and New Jersey. SLG is geographically concentrated in midtown Manhattan, although assets in Westchester and Stamford somewhat mitigate this concentration. SLG has tenant concentration, with its top five tenants accounting for 26.7% of annualized rent as of YE14. Manhattan tenants in the financial services sector represent 37.3% of annualized base rent. SLG's Manhattan occupancy remains strong, but challenges continue in its suburban portfolio. Total portfolio occupancy measured 92.7% at YE14 compared to 91.5% a year earlier. Manhattan same store occupancy including unconsolidated properties increased to 94.7% at YE14 from 93.5% at YE13. Its suburban same store portfolio occupancy including unconsolidated properties increased to 81.7% from 80.0% over the same time period and is expected to continue improving. Asset concentration with the four largest properties in Manhattan accounting for approximately 28% of its annualized rent on a consolidated basis is a negative.

Upward rating momentum would be predicated upon an increase in SLG's unencumbered assets to over 60% of gross assets; a material reduction in overall secured debt (closer to 15% of gross assets); net debt to recurring EBITDA below 6.5x; and fixed charge coverage closer to 3x on a sustained basis. Ratings would come under downward pressure should net debt to EBITDA increase above 8x on a sustained basis; secured debt increase over 30%; or fixed charge coverage fall below 2.2x. The ratings would also be pressured should SLG's unencumbered assets to gross assets decline materially from existing levels.

Moody's last rating action with respect to SL Green was on August 20, 2013 when its ratings were affirmed at Ba1 (senior unsecured debt) with a stable outlook.

SL Green Realty Corporation [NYSE: SLG] is a real estate investment trust (REIT) that primarily acquires, owns, manages, leases and repositions office properties in Manhattan with an expanding retail and multifamily portfolio. As of December 31, 2014, SL Green owned interests in 101 Manhattan properties totaling 42 million square feet and ownership interests in 36 suburban assets totaling 5.9 million square feet. This includes ownership interests in 28.0 million square feet of commercial buildings and debt and preferred equity investments secured by 14.4 million square feet of buildings. At YE14, SL Green's assets totaled $17.1 billion and its shareholders' equity was $7.5 billion.

The principal methodology used in these ratings was Global Rating Methodology for REITs and Other Commercial Property Firms published in July 2010. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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