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SL Green Realty Corp. (SLG)

Investor Meeting

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MANAGEMENT DISCUSSION SECTION

Unverified Participant

Please welcome Chairman and Chief Executive Officer, Marc Holliday.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Okay. Get my speaking notes up and we're all going to be set. Good morning and thank you for joining us for SL Green's 2023 Investor Conference. As always, we've planned a full day of great informative presentations for you, and what you'll see today reflects a lot of the work that we've been doing over the past several months, but more importantly, it reflects four years of non-stop work on your behalf. While others were on the sidelines, we've been working tirelessly five days a week from our offices at One Vanderbilt for our shareholders.

Since the start of the first pandemic year in 2020. We've sold $6 billion of real estate. We've entered into 7.7 million square feet of leases. We've sold $500 million worth of debt and preferred equity positions, and we've paid out $1.25 billion of dividends. Staggering numbers that no one can compete with in our space. This year was an inflection point, with two quarters of occupancy growth for the first time since the pandemic and an uptick in our same-store cash NOI.

We are turning the quarter and I'm incredibly proud of what this team has done under unprecedented circumstances. So, I'm here today to make the case for SL Green. I truly believe in the substance of our company, our platform and our amazing compilation of assets. I'm an enormous believer in New York City. I just am and that comes from doing business here for 33 years.

Things change and of course, there are issues, but no place beats New York City. I know you have some concerns and I want to hit them all today head on, you should not be worried about owning and investing in SL Green. There is embedded value in our assets. We are signing leases at a clip faster than anyone else in the city and we're maintaining a dividend and we're extending our debt maturities.

By the end of this morning, hopefully, you'll all agree that now is the time to invest in New York, that Green is the portal to make that investment through. And that our focus over the past few years in improving our portfolio and balance sheet is going to pay off in 2024 as we see interest rates declining and New York rebounding. The best way to communicate this story is to drill down on our core assets.

While in prior years we've focused a lot of time on high profile projects One Vanderbilt, One Madison, SUMMIT, this year we will go through almost our entire fortress portfolio, asset by asset. Our new construction projects are enormous successes. One Vanderbilt is 99% leased at record rents. One Madison is complete and well on its way to achieving the successes at One Vanderbilt.

SUMMIT is a massive achievement. It's a cultural phenomenon and it's a revenue generating machine. 760 Madison just started sales and it's already half sold, but we have a great story, not just at the very high end. Rather, we have strength throughout the portfolio, a plan for every asset we own and significant embedded in value in these assets that will become more apparent in 2024 and in 2025 as rates stabilize and vacant space is absorbed.

The reason you invest with us is because we see these trends ahead of others in our market. And what we see right now is very, very encouraging. The work that this team has done over the past 5 to 10 years to narrow our focus to the very best buildings in the best locations, and then to invest in needed improvements and amenities has put us in a very enviable position as we enter into this new year.

I was struck last week with an idea that one of our analysts made public, I won't name names, but it was to spin off a few of our high performing assets on Park Avenue. Sounds appealing. However, the reality is that the vast majority of our portfolio falls into that high performing bucket. So, if we spun off all our best assets, there'd almost be nothing left.

And the few investments we have that aren't contributing to earnings or net asset value present essentially no risk to the company because there is no recourse associated with those properties and we'll also discuss that later today. So, get ready for a deep dive into the greatest portfolio of Manhattan assets ever assembled.

Before we get started, let's take a quick look at 2023 and the context in which we are making our plans for 2024 and beyond. Despite challenges, we did what we set out to do. We reduced our debt. We increased liquidity. We completed development projects. We made the market with key sales, and we maintained a very strong dividend and positioned ourselves to take advantage of enormous opportunities in 2024.

The bottom line is simple, we are turning the corner. We believe that the worst is behind us. There is still some choppy air to navigate in 2024, but we're optimistic about the future and focused on a near-term plan that we believe will bring us back to the height of our fiscal performance. The belief is founded upon a resurgent New York City that has finally risen from its COVID-induced slumber to once again exemplify a city where people from around the world want to work, live, play and visit.

There's no shortage of backward looking news reports, cherry picking snippets of data in attempt to portray New York in decline. But the cold, hard facts prove otherwise. I received a 12-page report document with all of the metrics showing what a good year it was for New York City. Not going to go through the entirety of that report, but I do want to share a few of the highlights.

First, the city's tourism numbers are the strongest since the pandemic, with 62 million tourists flocking to New York City, and that represents 93% of 2019 record visitors. And we expect to eclipse that in 2025. As a result, New York hotel occupancy has increased and we led the entire nation in ADR growth this year. Subway ridership is up again this year, as anyone who rides the trains knows.

New York City Transit reached the 1 billion ride mark six weeks ahead of schedule, six weeks ahead of last year's pace and well ahead of schedule. And it's also reported an 8% increase from this time to the same time last year. New York continues to be very popular regional destination with rider trip on Amtrak's high speed Acela, up 38% over last year.

All of these visitors are good for the city's retail market, which is proving extremely resilient with availability down in almost all high street retail submarkets, Madison Avenue and SoHo are at their lowest availability record rates that I've seen in recent memory, maybe record lows.

Crime is down across the city with non-order related felonies dropping 12% year-to-date, with even greater improvement in Manhattan below 59th Street. And believe me, you can really feel it, walking on the streets now, which again feels safe in the way it did before pandemic. And those streets are also cleaner. Mayor Adams has advanced a series of plans aimed at reducing trash on the street as part of his Get Stuff Clean initiative.

The results are already being felt as 311 calls and complaints have dropped 20% year-to-date. The housing market remains strong with rental vacancy rates at just 2.6% and median rents climbing 8% year-over-year, again to record levels.

The condo market is equally strong with median sale price of a condo reaching nearly $2.5 million this year as inventory also dipped 8%. People simply want to live here and they want to be educated here because undergraduate enrollment in New York City's top colleges are up nearly 10% over the last five years, further demonstrating the strong desire for top students around the world to want to be educated and live in New York City.

And finally in October, the city celebrated reaching an all-time high in private sector jobs. While that number has since dipped a bit in November, the accomplishment is still extraordinary and represents a complete comeback from the pandemic era lows. I could go on, but you get the point. This is clearly not a city in a downward spiral. This is clearly not a city in a doom loop.

This is definitely the best city in the world to live, work and visit period, my opinion. New York is a city under new leadership and in the midst of a resurgence and that recognizes the early signs of recovery will be rewarded for their belief. Investors will be rewarded for their belief in the resiliency of New York City for those that see it early.

All of the upswing statistics show people aren't abandoning New York. Rather, they're investing in New York. And I think the announcements today show that, they want to work in New York. They want to do business in New York. They want to hire in New York's educated workforce and diverse workforce. And we're going to be a big beneficiary of incremental office space demand in 2024.

So, we feel confident about the trajectory of our company and our company's most important asset, and that is New York City. And we'll hear more about that a little bit later on from Deputy Mayor Maria Torres-Springer about the city's outlook for 2024. Beyond New York, the broader economic picture was dominated by stubbornly high interest rates this year. We'll talk more about the measures we have and are taking to protect ourselves from any future rate hikes and our optimism that rates will begin to moderate.

We remain comfortable with our level of leverage, but there's no denying that capital costs much more than it did just a couple of years ago. So, in response to those increasing costs of capital, we have remarkably kept our operating expenses very low, almost in check over the last few years. And we'll walk through that.

On the plus side, I think it's time we move past the return to work conversation and calculations. Most major businesses in New York, that I know, feel that work from office is essential to a well-performing company, and the companies are working from office for the majority of the work weeks. It's not worth debating, in my opinion, whether companies that are on a three or four or five-day workweek because most companies require close to the same square footage to operate their businesses whether they're on a five-day workweek or a 3.5-day workweek.

Well, I'm an unabashedly big believer in the benefits and merits of working collaboratively, in-person, five days a week, every company will decide for itself what fits best. I believe companies whose employees are present and engaged will perform better in the long run, but that may evidence itself over a period of years.

In the immediate term, as it relates to space usage, we saw renewal tenants expand their footprint in the SL Green portfolio by nearly 400,000 square feet this year. There are still many companies growing their footprint out there. Just look at the leases we announced this morning.

Financial services is growing. They're picking up the slack for a tech sector that is taking a temporary pause after years and years of massive growth. So, from my perspective, the focus is shifting away from the weekly card swipes and getting back to business. There is a new normal. We will work within that new normal to achieve the results that you all expect.

Focusing on our performance in a year, that wasn't easy. Our extraordinary team once again delivered industry-leading results across all areas of business in 2023. We delivered our development projects on time and on budget. We announced the completion of One Madison in September. That was well ahead of schedule. We topped out 760 Madison this year and we recapitalized 245 Park, our next major redevelopment project and a $2 billion plus asset.

And with the exception of 245, the entire portfolio is now basically redeveloped, allowing for significant savings in base building capital expenditures over the next couple of years and you're going to see Bob DeWitt, our Head of Construction talk about that as we go forward.

On the leasing front. We saw our first occupancy increase in 16 quarters. We are on track to achieve 1.9 million square feet of leasing this year. And our same store occupancy is back above 90%. This is a moment in time where no uptick is a small increase. These are hard fought wins that are a testament to our leasing, our management and our development teams.

Once that really jumps out at me, and that's of the nearly 1.7 million square feet of leasing we've done year-to-date, nearly half of that is new leases and half of that is renewal lease. I think it's almost exactly half-half. And of the renewals, many had expansion components, like I mentioned, 391,000 square feet of growing tenants within the portfolio. So, that sort of underpins our belief that we're headed back in the right direction.

We made the investment market in 2023, again. We achieved the two most significant trades of the year, illustrating continued demand for well-located Midtown Manhattan office buildings. At 245 Park, we brought in and JV partner to capitalize a $2 billion asset at a time when the rest of the market was quiet and today we announced the sale of 625 Madison Avenue for more than $630 million. We achieved an excess of $1,100 a square foot on both of those two transactions, something we had every confidence in. But the rest of the market, maybe some in this room were a little skeptical about.

But we know this market and we're going to continue to transact and we have a big agenda of recaps and monetization and redeployment in 2024. We also made a significant dent in our debt load this year, a top priority in 2023. We were able to reduce our combined indebtedness by over $1 billion. Matt will talk about that.

We also successfully restructured a lot of our debt, which we'll discuss in greater detail later, proving our abilities to manage our debt maturities. This is where reputation really matters, with lenders working with us to get things done or to extend, to allow for more time. Last but not least, we made real progress on our Caesars Palace Times Square Casino proposal. A year ago at this time right here, we had just announced our proposal in partnership with Roc Nation and Caesars Entertainment.

Over the course of the year, we had the opportunity to meet with dozens and dozens of stakeholders grow our coalition and gain significant support for the project. While the process has not moved quite as quickly as we'd hoped we've used that time to strengthen our bid and now we expect to submit our proposal in early 2024, and that will kick off the process in earnest.

Looking ahead to 2024 and beyond, today, we will walk you through what we feel is an exciting four-year plan that we expect to get us back to the peak of our pre-pandemic performance. It all starts with leasing. We're very well positioned for success. Our portfolio is increasingly concentrated in the highest demand and most resilient parts of Manhattan, almost entirely within walking distance of the major transportation hubs.

We have a pipeline, current existing leasing pipeline of 1.25 million square feet of leases pending and in negotiation, the largest year-end pipeline we've had at an investor conference in the last five years and that pipeline already reflects the reduction for the leases announced this morning. As we are driving new leasing plan, we will also continue to focus on reducing our debt wherever possible.

We will outline plans today that, if successfully executed in 2024, will address most of our major debt maturities over the next four years. All of these moves sets us up to take advantage of market opportunities, which we intend to do by raising a $1 billion debt fund for deployment, something we haven't done before. I'm optimistic we can close on that amount within the next five to six months and then be opportunistic to jump on good deals as and when we see them.

By doing this, we are capitalizing ourselves to feast upon opportunities coming out of this downturn by leveraging our debt and preferred equity and special servicing platforms, which I think really have very few peers in New York City. Just like we did at 245 Park and like we did at 625 Madison, both restructurings that we turned into wins.

We will execute this plan with an experienced team that allows us to build SL Green's tradition of promoting and supporting young leaders. With Andrew Mathias transitioning out of his role at the end of this year, our team is stepping up across the board with the next generation of leaders already delivering and helping out, and you'll hear from them today.

We've also recently welcomed our first government relations Vice President, Garrett Armwood, who joins us from the Office of Senate Majority Leader Chuck Schumer, and who will strengthen our ability to advocate for important policies that benefit the city and in turn will benefit this company, all of which we call home. And I would invite everyone to sit back, enjoy the show today. Thank you for your attention.

The Deputy Mayor is delayed by about 10 minutes. So, we're just going to go a little out of sequence. Before I introduce Deputy Mayor Maria Torres-Springer. I'm going to first call up to the stage, Laura Vulaj, our Head of Hospitality and SVP of SL Green. And she's going to take you through our hospitality program, and I'm going to come right back up and hopefully Maria will be ready at that moment. Thank you. Enjoy today.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

Good morning, everyone. So, today, as Marc mentioned, I'm here to cover our hospitality and restaurant program. Office buildings are evolving beyond physical workspaces and SL Green is at the forefront of this shift. The line separating work, leisure and entertainment are blurred. Tenants want a prime location with direct access to commuter hubs. They want meeting and event spaces. They want access to entertainment. And, of course, they want premier food and beverage offerings.

And our company philosophy is to operate our hospitality division no different than we do our office portfolio, but as a unique and distinct brand to elevate our buildings. So, we created a very successful formula at One Vanderbilt, and we've only just begun. We knew that the only way to bring our vision to life was to partner with a renowned chef and restaurateur. And who better than Chef Daniel Boulud, who spent the past 40 years putting his mark on the New York City restaurant industry.

He is a four Michelin Star chef who's been recognized by the most distinguished organizations in the culinary world. His food is impeccable, his attitude is energizing, and his dedication really is inspiring. So, we formed a strategic partnership with The Dinex Group at One Vanderbilt, and our goal was to leverage Dinex's brand recognition and operational excellence under the guidance of both Daniel Boulud and their CEO, Sebastien Silvestri.

With restaurants across New York, Miami, Montreal, Palm Beach, Singapore, Toronto, Dubai, the Bahamas and the Open Ocean with Celebrity Cruises, we knew we could make the impossible happen. So, over the course of about two years, we opened seven total restaurants in One Vanderbilt, six of which are operated by The Dinex Group.

We created an exceedingly well-performing business line and achieved what, in many cases, would be unattainable in such a short timeframe. The first restaurant we opened was La Terrace, a tenant exclusive café located on the third floor right at One Vanderbilt. Since opening in 2021, La Terrace has served an average of 300 patrons per day, and that's over 240,000 transactions since opening. Tenants love the café, and who wouldn't want to enjoy their lunch overlooking the iconic facade of Grand Central Terminal?

Three months later, we opened Le Pavilion in the midst of COVID-19 and unprecedented restrictions on indoor dining. Le Pavilion really brought a resurgence to Midtown, driving the post-pandemic recovery of the city's restaurant industry. When it first opened, it was referred to as the most important new restaurant in New York City history.

So, it's no surprise that it was awarded a coveted Michelin Star after its first year. And the Michelin Guide is really the symbol of undisputed excellence in the world of fine dining. Just for context, there are approximately 25,000 restaurants in New York City and only 71 are starred on Michelin's 2023 Guide.

We also aim to provide exceptional offerings at all income levels. So, we opened Épicerie Boulud, which is an eat-in and take-out market and café. Épicerie Boulud emphasizes seasonal and fresh ingredients and is a welcome addition to 42nd Street.

And finally, the pièce de résistance is Jōji, a Japanese Omakase restaurant in the lower level of One Vanderbilt. With a limited 10-seat counter and 8-person private dining room. A meal at Jōji really is a hot ticket. Led by Executive Chef George Ruan, Chef Xiao Lin and Chef Wayne Cheng, Jōji is the singular finest Omakase restaurant in New York City. Last month, Jōji earned a coveted Michelin Star after only 12 months in operation, and it continues to earn critical acclaim.

We then extended the experience of Jōji beyond the restaurant at a more accessible price point with the opening of Jōji Box. We added online ordering and delivery through third-party services a month later, and Jōji Box just celebrated its one year anniversary and has experienced a tremendous 284% year-over-year increase in gross sales.

In October 2021, we opened SUMMIT One Vanderbilt. We knew we needed to differentiate our offering with creative and high-quality food and beverage options, so we partnered with Danny Meyer and Union Square Events to open Après, which offers a seasonal cocktail menu and New York inspired food. SUMMIT has been visited by well over 3 million guests, and I just tallied the number of checks at Après since opening, and it's nearly 600,000, which is a remarkable capture rate.

One Vanderbilt is also home to Centurion New York, an exclusive members-only restaurant created by American Express, which opened in March 2023 with Daniel Boulud as the Head of Dining and Menu Strategy, where he's created this elegant, sophisticated and luxurious dining experience. Across all six Dinex operated locations, our financial performance in 2023 has been meaningful and we're projecting to achieve $36 million in gross sales and $4.1 million in EBITDAre. And this is only the beginning.

We're extending our brand excellence to One Madison with three innovative concepts, starting with The Rooftop, this 13,000 square foot space on the 28th floor will open in May. It was designed by the celebrated architect, David Rockwell, and was inspired by the vibrant urban oasis of Madison Square Park. Guests are going to arrive in a serene elevator lobby. They're greeted by beautiful stone concierge desk with glowing metal screens and custom sconces. The floor plan is expansive and it's divided into four primary zones that allow for working, dining, relaxation and conversation.

On the Northwest elevation, there's a grab and go café counter and an adjacent liquor bar for use during special events. And the lounge seating dominates the space as it nears the terrace and it features built-in benches along the south side. The Rooftop will be accessible by day for One Madison tenants, and in evenings and on weekends it will provide the perfect atmosphere for private events.

Next is L'Epicerie at One Madison, a 10,000 square foot tenant café and social space formerly referred to as the Commons. The design philosophy is tailored and sophisticated, responding to the downtown meets uptown nexus that is One Madison and tenants use a cascading stair that leads down to this open lounge. By day, L'Epicerie offers a café with a variety of seating arrangements, creating a very relaxing atmosphere. At night, it's a flexibly designed space, so it allows for multiple entertainment purposes.

And finally, One Madison's signature Steak restaurant will open in November. Steak will celebrate the heritage and theatricality of the Open Flame Grill that showcases the Mastery of Chef Daniel Boulud's techniques. Guests are greeted by a beautiful host stand in this grand space. Here's a view of the West dining room featuring gold tinted mirror walls. The private dining room is perfect for a variety of intimate events. An Open Flame grill is the feature of the east dining room and the big highlights. Check out this bar. I cannot wait to grab a dirty martini here. Maybe not this early in the morning, but I will do it at some point.

And finally, the Omakase, Wagyu and Kobe Bar. These will be the most sought after seats in New York City fine dining. The menu will even feature a few options for the vegans, vegetarians and pescatarians, so you don't have to cross over to Eleven Madison.

Being part of the SL Green family means that tenants can expect a consistently world-class experience characterized by Michelin Star dining and approachable food and beverage options. So, what's on the horizon? You're going to hear about some of these a little bit later. But we are opening the Armani restaurant at 760, two new dining experiences at 245. And last but not least, Marc mentioned this Caesars Palace Times Square at 1515, which Brett is going to take you through in more detail later.

So, now I'll hand it back over to Marc.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Thank you, Laura. Well done. Okay. Now, thank you for that, Laura by the way, tremendous job on branding and making this company very proud of what we do in the area of hospitality and retail and in our restaurant programs. So, now it's my pleasure to welcome Deputy Mayor Maria Torres-Springer, who is joining us by video today. She's got a busy schedule, year-end, but she agreed to carve out some time to talk with all of you here about the game plan in the city for 2024.

Just by the way of background, she's Deputy Mayor for Housing, Economic Development and Workforce, she oversees a huge and critical portfolio for Mayor Adams. She's charged with spearheading the administration's efforts to strengthen and diversify the economy, build 500,000 new homes for New Yorkers over the next decade. That's going to be – it's an ambitious undertaking, preserve and improve NYCHA housing, bolster small business, connect New Yorkers to sustaining jobs and expand access to arts and culture. It's quite a portfolio.

The Deputy Mayor has a long and accomplished history in government, previously leading the Department of Housing Preservation & Development. The city's Economic Development Corporation and the Department of Small Business. I had the privilege of working with Maria on the new, New York Plan, which developed actionable recommendations for rethinking and improving the city's commercial business districts that have definitely restored a much better working relationship between the business community and the Mayor's administration. Deputy Mayor, thank you for making yourself available to us at this busy time of year, and hopefully you can see us all in the room.

Maria Torres-Springer

Deputy Mayor for Housing, Economic Development and Workforce, NYC Office of the Mayor

Yes, I can. Thank you, Marc.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Thank you. I'm going to turn it over to you now.

Maria Torres-Springer

Deputy Mayor for Housing, Economic Development and Workforce, NYC Office of the Mayor

Great. Good morning, everyone. I am so thrilled to be joining all of you this morning. Thank you to Marc for that very generous introduction. I wish I were with you in person, One Vanderbilt has been a location that we've been to frequently as an administration. It stands in many ways as a symbol of the city's resilience and strength through the pandemic. And I'm just thrilled to be able to spend some time with you this morning to talk about the state of our city. What we have on deck for next year, some of our recent economic development wins.

But really more importantly, what we're continuing to do to make sure that we're advancing an aggressive agenda that keeps our city moving forward. I think Marc mentioned earlier in the program that the city reached a pretty historic milestone just in October. Just a few weeks ago, we celebrated the fact that the city had reached an all-time job high.

The number of jobs that we've recovered since the height of the pandemic, nearly one million really stands as a testament to not just the resilience of the city, but how different sectors across the city have really stepped up to make sure that we not only recover from the pandemic, but really thrive in its wake.

Since the start of the Adams administration, we have helped create close to 300,000 jobs. So, that is more jobs than the population of places like Buffalo, Tallahassee, even Salt Lake City. No offense to those places, but we've been squarely focused on making sure that our recovery from the pandemic is one that is accelerated, so we reached that number a year ahead of schedule, but importantly that it is enduring. And that's what I wanted to speak with you about this morning.

So, the job recovery, before I get into what the plan for 2024 looks like. The job recovery is seen in our traditional sectors, but also in the newer sectors of our economy. So, in terms of new growth areas, for instance, the activity and robust job growth that we're seeing in tech continues. Just in 2022, for instance, over 400 new tech firms started in our city, collectively employing more than 10,000 workers. It continues to be a bright spot, despite some volatility and some headwinds. We believe that it will continue to be a source of strength in terms of economic opportunity.

As well we have continued to double down on our efforts in the life sciences sector, really a sector where New York City has, with its academic medical institutions, its incredible talent, a real competitive advantage. And so a vote of confidence, for instance, was made just a few weeks ago when we announced together with Columbia University, Rockefeller University, that the Chan Zuckerberg Foundation is investing more than a $0.25 billion to stand up a Biohub right here in New York. So, this is a critical component of what is really more than $1 billion investment that the city has made to make sure that we continue to grow in life sciences.

Our traditional sectors of the economy, also continue to show strength. And we had a lot of ground to make up, as everyone might know, given that many of these sectors were decimated during the pandemic. This includes recent wins and good news. For instance, in media and film and TV. We're really happy that the labor – the work stoppage in film and TV has itself come to an end because there are more than 185,000 New Yorkers for instance, who really rely on the type of production that happens in New York.

Importantly, we're seeing gains in tourism, we're seeing gains in leisure and hospitality. These are areas again really affected during the pandemic, but we expect to see a full recovery in terms of tourism by 2025. And the recent job numbers, the recent months show continued gain in hospitality and leisure even though we have more ground to make up before we get to a full recovery in those sectors.

And so why are we seeing this; one, because, as I mentioned earlier, the tremendous partnership of many sectors in the economy. But two, because of the very intentional set of plans that we've been executing on since the beginning of the administration. Marc mentioned one of them just a few minutes ago. So, about a year ago in December, we released the 40 different recommendations for instance, of the new, New York panel.

Marc was one of the leaders on that panel, but we really gathered 60 leaders in the city, in academia, in business, in civil society and in government to help us think about not just the question of what should happen, what will be happening in Manhattan Central Business Districts, but what does that mean for the full recovery of our economy.

So, we've been diligently implementing those 40 different initiatives that really run the gamut from making sure that we are concentrating our efforts in our CBDs, but that we're also making the types of long-term investments in housing, in mass transit, in culture that are necessary to keep this city dynamic and competitive.

Now, the Mayor talks often about the fact that we've been employing a triangle offense of sorts, to ensure this recovery that I'm describing, really the 3Ps in this triangle offense, a focus on public safety, a focus on working people, and a focus on public spaces. And that remains the game plan for 2024. But we believe that there have been some significant strides in this type of offense in the first two years of this administration. I'm just going to cover them briefly, and then we'll focus in particular on additional efforts in Midtown Manhattan.

So first, in terms of public safety, now, we certainly understand that even as crime stats continue to trend in the right direction and people are safer, that they need to feel safer across the five boroughs. When you compare where we started at the beginning of 2022 to where we are today in 2023, we've made incredible progress in driving down crime and keeping our streets and our subways safe.

We've supported law enforcement officers, we have built neighborhood safety teams. We've expanded violence protection programs, we've been squarely focused on subway safety. And because of that, we've delivered double-digit decreases in murders, in shootings, and other dangerous crime.

This year alone, we've removed more than 5,000 guns from our streets and 12,000 since the start of the admin. Shootings are down an incredible 27% through the first nine months of this year. And overall, major crimes were down last month compared to September of 2022 by more than 5%. In fact, in that same month, September 2023, we witnessed a drop in five of the seven indexed crime categories. I'm laying this out because it is easy in reading what might be on the cover of tabloids to believe that these arrows are going in a different direction, but they are not.

Mayor Adams has been focused on public safety since day one. It is the work not just of the brave men and women of the police department, but really across the administration. We've been locked in arms and making sure that we're doing the type of work in public safety, in quality of life, so that New Yorkers are both safe and feel safe.

The second part of this triangle offense that I mentioned are investments that we're making in working people, which will certainly continue until, over the course of the next several years because a lot more work to be done here. After we made the historic Jobs announcement in October, we've been on sort of a working people's tour to show all of the different levers that we have been pulling and will continue to pull to continue to see a recovery in our city.

That included, for instance, groundbreakings at different film and TV studios, both in Manhattan and in Queens, an amazing new tech hub right in Union Square in Manhattan and also investments that we're making in job training programs, programs in nursing. Again, that announcement happened in Kips Bay in Manhattan, but the investments in training are happening across different industries, because we know that our work can't just be about growing or sustaining those industries, it has to be about connecting the incredible talent in the city into those various sectors.

I wanted to mention briefly that this work in terms of connecting people to jobs is robust and not just for longstanding New Yorkers, but for our newest New Yorkers, I'm sure everyone has read about the humanitarian migrant crisis that we are managing here at the city. More than 130,000 migrants have come through our care, and we take that responsibility very seriously.

We have been hard at work. A lot of this is inspiring work, may not always be seen publicly, but it's work to ensure that people have shelter. It's work to ensure that we are connecting those who have work authorization to jobs. It is work ensuring that we are connecting them to legal services and importantly, it's work to ensure that we're advocating at the state level, at the federal level, to help New York City solve what is clearly a national challenge. But we continue to do what we have to do in order to really honor New York City's history, a really proud one, of welcoming people from across the globe.

I also wanted to mention briefly, because I know this is critical to central business districts in Manhattan, that our work to support commercial corridors and small businesses, I think has never been more robust. We started that work on day three of this administration when the Mayor signed an executive order to look at the top violations that small businesses face in an effort to ensure that we create a better path to resolving those violations and a better regulatory environment.

It's included a whole suite of services to make sure that we are focused on education and compliance rather than enforcement. New capital access tools, in particular for our smallest small businesses and BIPOC-owned businesses, and robust support in commercial corridors for business improvement districts, whether they are in established retail corridors or in more nascent ones across the five boroughs.

Finally, I wanted to talk before I turn to Midtown, our work to make sure we're making the types of investments in public spaces. So, this has included the more traditional types of investments in the public realm. Hundreds of millions of dollars in this administration committed to different CBDs across the city. But it also includes major new initiatives to really support quality of life whether that is rapid progress on a citywide trash containerization program to enabling a more sustainable, permanent outdoor dining program.

But it has also meant, and I know this is top of mind for many, it's also meant enabling more mixed use neighborhoods across our city to flourish. In order to do this, this means pulling lots of different levers, both at the city and the state level. At the city level, this work has been very feverish. So, for example, we are moving forward with regulatory changes and zoning changes that are needed in order to enable the type of conversion from office to residential.

We want to make sure that those who are trying to do that have real assistance from government and so we launched an Office Conversion Accelerator just a few months ago, so that we can provide the type of technical assistance to teams that are looking to convert. And more broadly, this is part of a larger effort that we've called Get Stuff Built initiative of implementing close to 111 different recommendations to streamline land use, environmental review and permitting in New York City because it has taken just way too long and cost too much in order to support the type of development and growth that our city clearly needs.

And speaking of growth, I wanted to talk briefly about our work to make sure that we are becoming a City Of Yes, a City of Yes that accommodates and really embraces the type of population and job growth that the city has seen. And so what this means in action are three citywide text amendments that will enable this type of growth and really clear the barriers that exist in our zoning in order to facilitate this growth.

Number one, the City of Yes for Housing Opportunity. This is a major new initiative to create a little bit more housing in every neighborhood of our city. It's critical because we have been in a relentless housing crisis for way too long. And our perspective is that every neighborhood really has to contribute in solving this problem. Marc mentioned the moonshot goal of 500,000 new homes over the course of the next decade.

This City of Yes for Housing Opportunity Initiative will really make a dent in that goal. But it doesn't stop there. We're also advancing a major citywide text amendment for Carbon Neutrality, for instance, to ensure that we are achieving our greenhouse gas emission goals, and that's actually scheduled to be voted on by the City Council this week.

And finally, important for CBD is across the city, the citywide text amendment for Economic Opportunity here too removing outdated restrictions where businesses can set up in different parts of our city. Barriers in growing industries like life sciences that I mentioned really creating better rules, more consistent rules for more walkable and safe commercial streets and ensuring that our zoning code really enables the type of user friendly, consistent and, kind of, modern adaptation for corner stores, for instance.

Each of these, it may sound really wonky, but what we've tried to do is be comprehensive for economic opportunity, for housing opportunity for carbon neutrality and relieve all the types of barriers that will, as market cycles come and go, these will really create a stronger foundation for growth.

Just a couple of minutes, specifically in our work in Midtown. Now, everything that I mentioned, our investments in public safety, in working people, in public spaces, we're making sure those land well and aggressively in our CBDs in Manhattan, in particular in Midtown. But there are also very specific initiatives that we are focused on to make sure that we are seeing the types of gains given the centrality of midtown, the concentration of jobs.

That includes new tax incentive programs. For instance, our Economic Development Corporation is administering a program called the Manhattan Commercial Revitalization program, or M-CORE, which is providing financial assistance in the form of tax incentives to really support the type of transformative renovations of aging commercial office buildings located in Midtown South of 59th Street.

We're also undertaking a neighborhood study, a rezoning focused on the 42 blocks of Midtown South, where housing is not permitted today under the half century old zoning rules to ensure there too, that were enabling the type of adaptation that is necessary for those 42 blocks. When I talked about the new, New York plan, in that plan were specific initiatives really focused on the public realm and the commercial core.

So, here we announced in June the completion of the new phase, for instance of our Broadway Vision plan. It adds two new plazas, shared streets, bike connections along Broadway from West 25th Street to West 32nd Street. In October, we announced that we're advancing the effort to permanently reimagine the Fifth Avenue and the Future of Fifth partnership has selected a consultant team that will really work with us in the visioning for this stretch of Manhattan.

And our Open Streets initiative in Midtown, which really made Fifth Avenue vehicle free for the first time in half a century was brought back, and areas around Rockefeller Center had been a boon for businesses in 2022, and we know that that will continue. So, that's just a sampling of what we are focused on in Midtown Manhattan as part of this larger effort that we are undertaking to ensure that we're making the right investments in public safety, in working people, in public spaces.

And I'll end here because we have many in the room right now who wear many hats in our city, and it is really your partnership and your vote of confidence, not just in specific projects, but in New York that will spell the difference, I believe, whether we just can crawl out of the pandemic or we make a great leap forward as a city.

And we have certainly shown through the many different crises that we've had to confront as a city in our 400-year history that we have the capacity to reinvent and reimagine ourselves and ensure that we are stronger for that crisis.

And I personally believe, and I know that the Mayor shares this, that while we are at a real inflection point in our city and there's no shortage of challenges that we have to overcome, that it is really that same type of partnership of different sectors of our city, building on the incredible resilience and strength of New Yorkers, that's what is going to carry us through, not just in 2024, but over the course of the next several years and into the next chapter of growth and prosperity for New York.

I appreciate everyone's patience, and thank you for taking the time to allow me to share where we are in the city today. Thank you, Marc.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Thank you. Tremendous. Deputy Mayor, I think you can see out into the audience and hopefully me as well. I'm not sure. But I do want to thank you. I know that is just a fraction of what's on your plate. And it's extraordinary, what you, the other Deputy Mayors, the Mayor are doing to change the narrative of the interaction between the city, its residents and the business community. It's a welcome change. It's a refreshing change. Change is slow.

I know you talk about all these different zoning initiatives and text changes. They're so hard to accomplish each one. But you guys are doing them many at a time. And it's incredible. They'll get done and the benefits that will be felt for years to come.

But I think it's important for this group to realize this is a group that likes to focus on leasing. But it all stems from the health of the city, cutting red tape, having New York City administration, people like Deputy Mayor Springer, who are committed 24/7 to working on our behalf to make a city a more inviting and friendly and desirable place to live and to do business.

And I know everybody here has felt the changes. We certainly have. And we'll do everything we can to assist you and the administration in supporting your efforts going forward as best we can. I know you've got a hard stop for 10 o'clock. I'm going to ask you just one quick question, just one question, then we're going to – unfortunately we won't be able to have questions out in the audience. What's it going to take to get a conversion bill done in Albany, are we going to get one? What's it going to look like? 60 seconds.

Maria Torres-Springer

Deputy Mayor for Housing, Economic Development and Workforce, NYC Office of the Mayor

I'm an eternal optimist. And so I believe – and the Mayor has said this publicly, there's a deal that must get done, that can get done in Albany, because the stakes are too high. And so what we are advocating for, in addition to a new rental production, tax incentive and lifting of an artificial zoning cap that prevents the type of conversion is a tax incentive for conversion that will allow us to get to the affordability that we so desire through these conversions.

But as I mentioned earlier, because Albany is complicated, we know that we had to do everything within our own power to move the ball forward. And that's why the regulatory changes for conversions are happening through the City of Yes for Housing Opportunity. So, we will continue to work with the City Council there, hopefully to a positive outcome, while continuing to advocate in Albany for the types of changes that are necessary to keep the city moving forward.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Thank you. Well, we look forward to that. Budget season starts in January. It's one of the most important initiatives [ph] in our mind (00:54:18). Congratulations on what you've accomplished with life sciences and for helping to pave the way with those regulatory changes for the conversion bill. Have a great day and we appreciate you coming in.

Maria Torres-Springer

Deputy Mayor for Housing, Economic Development and Workforce, NYC Office of the Mayor

Thank you so much.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Okay. Hope that was illuminating. I think she is one of the great professionals down there in New York City who have done a lot. And I'm going to switch gears now. As I mentioned at the outset of today's discussion, the star of the show today is the SL Green portfolio focusing on the collection of over 30 core assets located almost exclusively in Midtown Manhattan that are extremely well-positioned to outperform the market.

And it's going to serve as our growth vehicles as New York City turns the corner in 2024. So, today we detail a new approach to presenting our core assets, that'll break the portfolio down into kind of fine grained submarkets; Grand Central, Third Avenue Corridor, Park Avenue Spine, West Side, Midtown South, Downtown.

That'll allow us to present to you a deeper focus on leasing capital, feature amenities on a building by building basis and detailing bespoke strategies for each. As we outline plans for each property today, we'll also separate out for the first time a small subset of assets at the end, which represent just a fraction of our total portfolio, but a grouping of assets that have made it more difficult to assess the overall portfolio and the remainder of the core assets.

These alternative assets, as we call them, provide little to no contribution to earnings in net asset value and in almost all cases we have no obligation to fund additional capital on those assets. We think separating these alternative strategy assets into a new subsidiary would be a more accurate way to view our balance sheet and judge our performance moving forward.

So, now I'd like to call up on stage the team that will take you through our core assets today over the next hour or so. These five phenomenal team members taking the stage here today and we'll do a quick introduction, we'll kick off.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

Great. Thanks, Marc. I'm Harrison Sitomer, Chief Investment Officer of SL Green. My job today is to take you through two components of each property. First, I will take you through a high level overview of each asset along with key information on property ownership. Second, I will take you through a summary of the outstanding debt, if applicable and our long-term strategy to manage any future debt maturities.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

Good morning. I'm Steve Durels, Director of Leasing. I will be speaking to you about profile tenants within each of the buildings and each property's placement within the market and our lease up plans.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

I am Bob Devitt, Senior Vice President of Construction. I'll be walking you through the capital budget section of each asset today across the board, the base building capital requirements for every asset are fairly minimal and focus purely on code obligations, leasing support, and revenue generation

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And I'm Laura Vulaj. Nice to see you all again. I'm Senior Vice President of Hospitality and Sustainability. I'll be walking you through building amenities, the surrounding area, artwork, key components of our properties, and then also ESG and environmental sustainability highlights at each property.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

I'm Brett Hirschfeld, Executive Vice President. I head retail and opportunistic investments. I will take you through the retail tenancy of the properties, a little history when applicable and the future to come.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

All right, let's kick things off by talking about our Grand Central assets, the submarket in which we originally planted our flag in 1997 with the acquisition of the Graybar Building. And since then, we've never really looked back. Grand Central is one of the three submarkets, which makes up our 15 million square foot East Midtown portfolio. We've owned the five assets in the Grand Central Market for between 11 years and 25 years.

And over that period of time, the buildings have been repositioned and are in really great shape. They obviously benefit from a close proximity to Grand Central Terminal, which now is the busiest transit hub for local commutation, encompassing MTA rail service and subway. And in 2023, the number of unique tenants touring the Grand Central market was up 24% year-over-year, reflecting 147 distinct individual tenants that toured properties in this submarket in 2023.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

So, let's kick this marathon off with 461 Fifth. 461 Fifth is a boutique trophy asset across from the New York Public Library and Bryant Park. We acquired the leasehold in the building in 2003 and consolidated our ownership into a fee simple position in 2021 when we acquired the fee interest pursuant to a significantly below-market fixed purchase option established back in 2003. There is no debt and 461 Fifth is one of many assets I will take you through today that support that unencumbered asset base.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

This is a high profile building, which stays well leased due to its modern design and proximity across the street to Bryant Park. It primarily attracts financial service tenants. We typically pre-build every floor that becomes available, leading to an accelerated lease up. And as you can see on the plan behind me, there are no lease expirations in 2024 and expect the building to be close to 100% leased this time next year at rents between mid-70s to upper 80s per square foot.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

The building recently received a much-needed facelift when we completed a lobby and plaza renovation. 96% of the base building capital is tied to future tenant leasing. The Local Law 11 façade restoration is our first in over a decade and includes masonry repairs and painting of the building's trademark architectural steel elements. After this cycle, we don't expect another façade project for the next 10 years.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And on the amenity side, this is a high end boutique building, so amenities really aren't expected here. Instead, we leverage off of the amenities we've introduced at One Vanderbilt. Location is a key highlight. We've got direct proximity to Grand Central Terminal and as Harry mentioned, 461 is also directly across the street from Bryant Park.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

This is as close to flagship retail as it gets, south of 42nd Street with adjacency to the public library and Bryant Park. We have two spaces available, both with leases out and hope to make an announcement that an iconic Italian brand has signed a lease before year's end.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

On the ESG side, 461 has LEED Gold certification. You'll see this certification on a number of assets we cover today. Just for background it's a very rigorous recertification process that happens every three to five years for the O&M designation, that's operations and maintenance. Quick highlight on this building, back in 2020 we enhanced 461 CMS controls to allow for more controllability of building systems which has really positively impacted our energy performance.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

Next up is the Daily News Building, which is a longstanding holding of ours. We own it in a 50:50 JV with The Korean Teachers' Credit Union. They're great partners of ours. We have them in multiple deals, including 15 Beekman and One Madison. They joined us in this deal in 2021, and I would expect to see us do something more programmatic with them in the future.

Given the building's proximity to the UN, the building caters to non-profits and government agencies. It's nearly 90% leased with over 15 years of WALT. Including extensions, we have debt term through June 2025 but we're on it now. We're already negotiating with the lender for a longer-term extension and I would expect to see this extension get done in the first half of next year.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

News has always struggled to attract traditional tenants, given its location being closer to Second Avenue rather than Third Avenue. To overcome that challenge, we've structured the building so that each floor is an individual commercial condominium. This allows us to offer 30-year leasehold condos to UN and non-profits tenants, which permits them in turn to receive 100% real estate tax abatement.

In fact, we've leased over 450,000 square feet to non-profits, including VNS and YAI. There's only 8,500 square feet of roll in 2024 and less than 50,000 square feet of roll over the next four years, which puts the building in a very secure position. And as you can see, the majority of vacancy is located on the upper floors.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

We've meticulously maintained this 95-year-old landmark building over the years. Planned capital projects include a code required elevator mod and minor infrastructure upgrades. During our two decades of ownership, we've completed minor façade restorations to address localized repairs. Due to the age and materiality of the building a more significant restoration is required. We'll execute this project commencing in 2025. Even with the building's age, SL Green's share of annual base building capital is less than $0.60 a square foot.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

This is a fun one. So, 220 is home to the world's largest indoor globe, made famous by the original Superman television series and feature films. The News building was also designated a National Historic Landmark back in 1989.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

There's great amenity retail here. Club champion Golf. The US Premier Golf Club fitter with 75 plus locations nationally built out and opened its first NYC store in 2022. Anyone who buys 1,000 shares of SLG gets a free club fitting appointment. DiLiberto has got 100 sets already, still doesn't help.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And on the environmental side, 220 houses an [ph] ice plant (01:03:57), which is a thermal storage system that's used to manage our cooling loads in the building. We also recently completed window replacements and these upgrades have had a positive impact on our ENERGY STAR score, which is currently at 87.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

420 Lexington is a special one for us at SL Green. This was our first acquisition as a public company and it was our headquarters for over 20 years. Connected to Grand Central, this asset is one of the workhorses of the portfolio with consistent demand across a wide variety of industries and over seven years of average remaining lease term. The debt is fixed at 3.99% through end of next year, and then we have extension rates built into the debt as of right through 2040, which gives us plenty of term to run.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

It's hard to believe, but I've been involved with Graybar my entire career, so it's very good. So a very good sense of its placement in the market. Other than two long-term leases with the MTA in New York Life, the building typically caters to small to midsize businesses, a combination of direct access to Grand Central Terminal, amenities and an ongoing capital upgrade program keeps the building popular. We have unusually low lease rollover over the next five years with only 70,000 to 120,000 square feet of expirations each year, which is a very modest amount for 1.5 million square foot building.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

The Graybar Building, our beloved former headquarters is a massive 96-year-old landmark with over 40 setbacks and roofs constructed of brick, limestone and terracotta. It's been over 10 years since our last significant facade project. We have a major campaign in progress, will be complete by 2026. Our capital plan also includes a new cooling tower and other minor infrastructure upgrades. 50% of the capital is to support city's leasing plan. In 2020, we were honored to receive BOMA's International Historic Building of the Year award, a further testament to Meghann and the property management team's commitment to maintaining our buildings.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And the amenity highlight here is our amazing conference center on the 19th floor, Graybar 19. I'm sure many of you have actually been there as it was our former headquarters. Over a decade ago, we made a very significant investment in this space, and we felt that the responsible thing to do was to reuse it. It's got a 36 seat boardroom. It's got meeting rooms, a full service kitchen with catering by Daniel Boulud and a beautiful landscaped outdoor terrace.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

And there's great retail there. It's always performed at the high end of the market given its adjacency to the Lexington Avenue Grand Central entrance. We recently extended Verizon's term. We signed a new lease with Webster Bank and the office users in the neighborhood love our Equinox.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

On the sustainability side, this building has a very complex sub-metering infrastructure, which allows us to track data for about 200 tenants. I mean, even with this huge number of tenants, the building performs very efficiently.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

485 Lexington is the sister building to 750 Third Avenue, but it benefits from its closer proximity to Grand Central. We've bought up interest in this property starting in 2004. We have $450 million of debt here which is fixed through the maturity in Feb 2027 at 4.27%. Even though we have 3.5 years remaining debt term, we're already in discussions with the lender for both an extension as well as some additional future funding for leasing. [ph] We are on this one (01:07:14).

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

Leasing was dead slow in this building coming out of COVID; however, recently we've seen a dramatic increase in velocity. A newly designed pre-built program has led to five pending leases covering 75,000 square feet, with an additional 35,000 square feet of active proposals under negotiation. Affordable rents helped. They are in the range of $55 to $65 a square foot.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

We redeveloped this building in 2006, and the work has stood the test of time. And for active management of capital over the years, there's no future requirements other than to support leasing in 2026.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

485 Lexington features onsite parking with EV charging. Just off the lobby, we also have a reside house, which has an onsite medical concierge, which is exclusive to tenants. And of course, there's a curated retail.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

Yes. A great mix of coffee shop, food, daycare, a new lease signed for boutique fitness. It's very well foot traffic. And ever since we subdivided the large boxes, I've always found demand for retail space at 485.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And the building was recognized by BOMA with a Regional Earth Award and this awards building that excel environmentally sound management, resource preservation. It's really a testament to our operations and our engineering team.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

Our last asset in this sub-portfolio is 10 East 53rd Street. It's a boutique trophy building adjacent to the new Rolex development on Fifth Avenue. We own this asset with CPP and hold a 55% interest. The JV has benefited from a substantial renovation from 2012 to 2015. The building is nearly 100% leased with six years of WALT. The debt is in place through 2025 but as we're always proactive on these maturities, we are negotiating documents already to extend this debt out multiple years.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

The buildings [indiscernible] (01:09:03) location in 9,000 square foot floors make it very popular with financial service tenants. As Harrison said, we're almost always 100% leased. In fact, the only current availability is basement storage space. Market rents are low 70s and the base up to $110 a square foot for the upper tower floors.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

It's one of my favorite projects we've ever completed. We took what was a dark and dismal public arcade and closed it to become an extension of our lobby. We completed a full plaza renovation, changed every window, completely upgraded the infrastructure and repositioned the retail and lower floors to pave the way for Equinox, ultimately winning the renovated building of the year in 2022. The building also initiated SL Green's lobby art program. We've continued to expand our collection over the years. We now have over 25 pieces, including one installed just last week that you'll see later in the presentation. The only remaining capital is associated with new leasing.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And as Steve mentioned, the building has a 10,000 square foot public plaza and an interior arcade. This building is a great example of how we continue to activate public spaces throughout Midtown, which has reinvigorated the submarket.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

And this has the Equinox of the Plaza District, that's amongst their highest in build outs in the country. The retail is fully leased otherwise.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And East is LEED Certified Silver. Here, our recent focus has been on performing energy audits to identify high intensity energy use tenants to come up with new efficiency recommendations.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Okay. So that is the Grand Central portfolio, five assets. At the end of each of these submarkets, we will roll it up, aggregate the data, show it here on the screen. You see that we're showing Grand Central with respect to debt maturities, NOI generation, base building capital that Bob spoke about, and expense control. So blue – dark blue our [ph] pro at share (01:10:54), light blue gross aggregate, and you could see on the debt maturity, 2024, we're clean of maturities; and 2025, Harry mentioned we're already busy at work on 220 East and 10 East 52nd Street to get those extended, then again clean in 2026, and we have one at...

[indiscernible] (01:11:15)

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

...which is 485 Lex, which he also mentioned three-and-a-half years, already working on. So, at the end of this year, we would hope to be sitting here next year with a debt maturity schedule that looks like that. So we'll check back in 12 months and see. NOI contribution from this portfolio is above our portfolio average at 4.1%, which is aided in part by keeping expenses so tightly controlled. Look at the job Meghann Gill does with her team and all the property managers onsite and portfolio managers in office, less than 1% a year compounded annual growth in expenses. It's a tremendous job well done relative to 2019, a pre-pandemic year.

And as Bob mentioned, the base building in this asset is only about $3 a square foot on average, so that we run these very efficiently, benefits from all the prior work we've done. On the leasing front, you can see an expiration schedule that's very manageable. Steve has a leasing goal mixture of 260,000 feet, and over half of that exists within pipeline for this submarket of assets, 146,000 square feet deals in negotiation, term sheets, leases out, et cetera. And therefore, we expect leased occupancy, which was relatively flat 2023 to 2022, will tick up in 2024 and beyond as we march back towards stabilization in this portfolio.

So now let's move to the next – second component of our East Midtown portfolio, Third Avenue corridor. This is where we own four assets along the stretch from 44th Street to 56 Street. The Third Avenue market, in my opinion, has been unfairly maligned and is an important and necessary provider of affordable Midtown office space within a reasonable walking distance from Grand Central Terminal.

There will be over 1 million square feet of leasing in this submarket in 2023, and the availability rate has decreased materially due to the removal of our buildings at 750 Third Avenue, which we'll talk about a little bit later. It's a resi conversion project and also due to the purchase of space by Memorial Sloan Kettering at The Lipstick Building.

There have been significant amounts of money invested in upgrading buildings in the Third Avenue corridor, like [indiscernible] (01:13:51), and our own investments in 885 Third and 919 Third, which will serve to attract more tenants to this corridor, who are seeking high performing and affordable space in a great location. So we're pretty bullish on the future of Third Avenue and we'll start with our first asset.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

We're kicking this off with 711 Third Avenue, which we own 100% of the leasehold interest and 50% of the fee interest. You will see behind me that we have provided an overview of both the fee and leasehold positions. The asset itself has been a workhorse for the company and continues to be an attractive offering for a wide array of industries as it boasts 95% occupancy and five years of WALT.

We have ground lease term until 2083 and we completed a ground rent reval process in 2021, which saw no increase whatsoever in the ground rent for the subsequent 10 years, and I would expect us to [indiscernible] (01:14:48) on keeping that ground rent at that level beyond that period as well. Both positions are entirely unencumbered.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

711 is a undistinguished building, but has always outperformed the market due to its proximity to Grand Central Terminal. The majority of the upcoming roll is a lease with McKinsey, who recently paid us $2 million in connection with a buyout, their space is highly improved, and I expect we'll promptly relet. Other than McKinsey, there's only 5,000 square feet of roll over the next two years and 711 will maintain its mid-90% occupancy as McKinsey [ph] is backed out (01:15:25).

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

Yet another example of a successful lobby redevelopment completed by our team. While not the lowest capital plan over the next few years, it's manageable and expected of a building of this age. Upcoming projects include the replacement of the building condenser water riser phase over three years as well as the replacement of ninth floor setback roof in 2027. Local Law 11 is in progress and will be completed in 2024, is the first project of the building in over 12 years, and no additional repairs are expected in the next 5 to 10.

Laura Vulaj
Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

The building features an original mosaic mural from Hans Hofmann, which was installed on the building. We have first constructed back in 1956. Hans Hofmann is a renowned German-American artist whose works have been featured in the [indiscernible] (01:16:07) was really special custom installations to have in our building, and the building's got a Duane Reade. So, if you forget your anxiety medication at home, you can just pop right downstairs and pick it up on the fly. Sorry, Brett, I know [indiscernible] (01:16:20).

Brett Herschenfeld
Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

Well, no problem. Santander Bank rolls next year, but I'm in dialogue with another bank branch to take the space already. I think it's key to point out that bank branches continue their strong demand for space and all of our bank branches are leased. Mobile banking has not overtaken the physical branch as so many falsely predicted. To the contrary, people want to bank from bank, not bank from home.

Laura Vulaj
Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And on the environmental side, the highlight is the building's energy performance with a score of 87, one of the highest in the portfolio. We completed BMS installations this year. We added controls on our pumps and our air handling units, and this is all contributed to the energy savings.

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.

Next up is an asset that is probably the least known office asset in this portfolio. You're going to find some hidden gems today as we walk through the portfolio and 800 Third is certainly one of them. We own this building with Joseph P. Day and we hold a 60% interest. This is the only interest in the portfolio where we don't manage or lease, but it has been a great partnership over the past 18 years. Yes, it has low leverage as evidenced by a 10% debt yield next year. The all-in cost of debt is capped at 3.48% through maturity in 2026 as a result of a hedge that we implemented in 2021.

Steven M. Durels
Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

This is an attractive, modern glass and steel building with great views and one of the best floor plates on Third Avenue. No single tenant dominates the rent roll. However, current occupancy is unusually low right now at 83% due to two large base floors. As mentioned, our JV partner handles day-to-day leasing but I can assure you we're very vocal and not shy about interceding as necessary to close the deal.

Robert DeWitt
Senior Vice President-Construction, SL Green Realty Corp.

From our capital perspective, the asset is in good shape. It's run by our partner and they require minimal capital annually.

Laura Vulaj
Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

On the amenity side, we do feel that this building would benefit from a more robust amenity program. However, since we have a partner here, it really needs to be a collaborative process. So we're continuing to reinforce the importance of introducing tenant amenities.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

We've got Staples at the base and there's some empty retail here, but tour activity has picked up of late. Our partners are in dialogue with some F&B tenants to help curate the amenities at this podium.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And the building doesn't quite meet our sustainability standards. JP Day is on their own separate ESG program, so we're going to work more closely with them in 2024 to try to align the building's performance with our portfolio to get the kind of stats we feel this building can achieve.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

Lipstick Building is a standout success story for this portfolio and one that I'm especially proud of. We took over this asset by force through our DPE business in a foreclosure. The asset had 70% of the tenants rolling at the time. Our borrower at the time could not make a run at the building. So in 2020, we foreclosed. And then immediately got to work on transforming the building into the premier asset on Third Avenue. We presented our redevelopment plan to Memorial Sloan Kettering and they loved it. And they ended up buying almost all of the vacancy in the building, which was predominantly in the base. At the end of last year – they bought at the end of last year at $725 per square foot, and we retained a 218,000 square foot condominium, which is predominantly leased. I would expect to see us sell off more of our condo over time as Memorial Sloan Kettering grows in the building. Our condo interest is again unencumbered and [indiscernible] (01:19:44).

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

This is architecturally distinctive building known by all as The Lipstick Building. You'll recall this is where Bernie Madoff had his office, which required a recent exorcism to remove the stench. Now all is good and the building's new life is going to be a real game changer. Our three largest tenants occupy 30% of the building with eight years of remaining term. As shown on the stack plan, all space in the dark gray is part of the MSK condo and all SLG floors are located on the upper part of the building. As Harry mentioned, MSK is likely to expand in the near term and we expect the building to be 90% leased this time next year.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

Lipstick Building is one of those iconic properties in New York City. And as a construction guy, you hope someday you have the opportunity to work on. If you haven't been by the building recently, you've got to go check it out. Working with Dan Shannon, we transformed the lobby in a very respectful way and paid homage to the historical building design while completely upgrading the infrastructure. The renovation is a complete game changer. Our execution of this plan is what got us MSK. The transformation is largely complete. We've a few projects continuing into 2024 and 2025, but after that the building is put away.

Laura Vulaj
Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And we originally had a full fitness and conferencing amenity program planned and designed in the lower level of the building, but when MSK came along, we decided not to execute this plan. Instead, we focused on the lobby level, which has the café with the indoor seating, beautifully designed floating café bar. The building has always been connected to great dining. And now, we're bringing in Chef Daniel Boulud to the lobby. It also has an incredibly rich history. Gerald – this was one of Gerald Hines' first projects in New York City. It was designed by John Burgee and Phillip Johnson. It was one of Johnson's last major art projects in New York. There's also a beautiful artwork here that was just installed, I think, last Thursday. So you have to stop by and check it out. The piece is called [indiscernible] (01:21:41). So again, please stop by and take a look.

Brett Herschenfeld
Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

And with an iconic office building always comes iconic culinary experiences. Many of you might remember Jean-Georges Restaurant Vong and its base and today that same restaurant is occupied by Wolfgang's, one of the premier steakhouses in New York City [indiscernible] (01:22:02) to the tower.

Laura Vulaj
Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

On the sustainability side, lots of improvements, which have been driven by capital, cooling tower, BMS upgrades, partial electrification. [indiscernible] (01:22:11) also has a strong ENERGY STAR score, and we expect to see further improvement.

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.

919 Third Avenue is the most impressive building on Third Avenue. We spent a lot of time at the building this year getting the new $500 million financing done, and I highly recommend checking out Bloomberg's nearly $1 billion investment in the building if you get an invitation and then get a P.J. Clarke's burger. We own P.J. Clarke's but that does not, for whatever reason, help me get a reservation. We own this asset with JPMorgan on behalf of NYSTRS. 80% leased to a mixed tenant profile with eight years of WALT. We closed it earlier this year on that $500 million financing with an international lending group without injecting any equity whatsoever and fixed the debt through 2026. Everyone said it couldn't be done except this guy right here. So we got it done. The debt runs through 2028 and is [indiscernible] (01:23:06). There's really nothing to talk about on this debt for quite some time.

Steven M. Durels
Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

This is an institutional quality building just short of new construction standards. It's arguably the best building on Third Avenue, although admittedly located a bit north for some tenants' preference. Bloomberg 750,000 square foot lease is part of their headquarter campus. Consequently, we have every expectation they'll remain in this building on a long-term basis. As you can see from the stacked chart, our vacancies are all located in the penthouse level of the building. These are premier floors and some of the best law firm floor plates available in today's market. In fact, we're currently negotiating proposals with six prospective tenants.

Robert DeWitt
Senior Vice President-Construction, SL Green Realty Corp.

The feedback on this major lobby renovation has been off the charts. Completed just last year – we completed it just last year. Additionally, this institutional asset has been fully updated throughout our ownership. As part of the lobby, we [ph] recaptured tenant messaging (01:24:02) center and carved out space for a new chef Daniel Boulud Café. The only remaining upgrades include the replacement of the building Class E system and [ph] code required (01:24:11) garage repairs in 2025.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

The lobby café that Bob mentioned opened this past September. We're going to actually be introducing a new rotating food concept here to keep guests coming back. The lobby also features artwork that we commissioned from [ph] Claudia Vizer (01:24:25). We've really been working on introducing high-end artwork throughout our portfolio. It's visually appealing and it adds cultural benefit to our buildings.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

Yes, it's great to be the landlord of the iconic P.J. Clarke's [indiscernible] (01:24:36) on the south side of our plaza. No surprise. I can get the reservation area perk of the job. Rounding out the retail once again, as I noted, our bank space is leased to Chase and in a sad loss for Third Avenue, I replaced the Tutankhamun rug store with our third lease in the portfolio to One Medical. The tenants in all our buildings where we have One Medical love the concierge services at their fingertips.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

Tenant engagement is a huge highlight here. Our team recently picked up dialogue with Bloomberg so that we can jointly strategize on sustainability opportunities in the building to drive up that ENERGY STAR score above the thresholds required for certification. Also, the building has a 5 out of 5 on Kingsley tenant satisfaction. So kudos to our property management and our leasing teams.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Okay. So, that's the Third Avenue corridor. I think it's four properties that roll up as follows. We have a few unencumbered assets there, so you can see the debt maturity schedule. Nothing in 2024 on a property level, nothing at 2025 on a property level, and in 2026...

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

800 Third.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

That's...

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

800 Third.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

800 Third, which is the only maturity within the next four years and if you saw up on the screen that had like a 10% debt yield in place. It's fairly low levered. We feel pretty good about that. Non-CMBS indebtedness that we have there with our partner JP Day. On the NOI, 6.5% CAGR. That's in part because [indiscernible] (01:26:11) out, so we have some vacancy at 919, as we lease that up along with very modest assumptions we have for rental increases. I think it's less than 2.5% a year rental increase is what we projected. Hopefully we exceed that and along with keeping the expenses at or below 0.5 per year of compounded annual growth that results in a fairly strong NOI growth trajectory for SL Green at share.

And base building capital, I think is averaging around $2.50 per square foot over that four building portfolio. And you can see on the next slide where we have our leasing stats, not much in the way of 2024 and 2025 rollovers. There's a leasing goal of 185,000 feet for next year, 111,000 of that is sort of identified in pipeline at the moment. And after a significant – I think it's 11 point drop. When Debevoise rolled out in 919, you can see us getting back almost half of that vacancy in 2024 and then marching our way toward stabilization in 2027.

So, now, let's turn our attention to the beating heart of SL Green's high performance portfolio of 6.5 million square feet of space along what we call the Park Avenue Spine. This six pack of buildings is the finest of any collection of office buildings along the highly popular and coveted Park Avenue. Park Avenue currently enjoys the lowest vacancy rate of any submarket in Manhattan, with an overall availability of just under 10.5%. So that's equilibrium where landlords have pricing power along the spine.

This is true whether the assets are brand new, like One Vanderbilt or if an older vintage like 280 Park. So longest the assets can meet the demands of today's sophisticated tenants that are looking for elevated experiences and easy commute, we're going to be able to lease that space.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

100 Park is a premier asset feet from Grand Central Terminal. It serves a great price point in this submarket. We've owned this asset with Prudential since 2000. The asset is in a transition phase as we build occupancy, which Steve will take you through, with extension options we have a final debt maturity in 2025, and we are currently negotiating a restructuring with the lender group to manage lease up and I expect to close in January or February of next year. I'm extremely confident that's going to get done.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

We performed $150 million redevelopment of this building at the time of acquisition and then recently added a very popular 10,000 square foot amenity lounge [ph] rents for a (01:29:01) tale of two buildings. The base floors offer affordable rates in the low 60s per square foot while the tower floors regularly achieve rents in the mid to upper 80s per square foot. The building is in transition with the upcoming departure of BDO and Wells Fargo; however, we are trading proposals with two tenants covering 180,000 square feet and I'm [indiscernible] (01:29:21) both those tenants.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

100 Park Avenue is very near and dear to my heart. [indiscernible] (01:29:28) fashion after a 6 AM job [ph] interview, maybe two (01:29:31), he hired me and shortly thereafter I started my career with SL Green. The building was in the midst of $150 million redevelopment. At the time it was SL Green's largest redevelopment by far. It's really amazing how far we've come in the last 16 plus years. The property has received many awards, including the prestigious International Renovated Building of the Year award in 2009. The only projects left on deck are tied to new leasing and our annual capital spend is less than $0.50 per year at SL Green share.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And as Steve mentioned, we have an incredible luxury amenity center here. It's called Park House. It's got conference rooms, a studio, golf simulator, pool table, travel showers, and it's been a real hit with the tenants. And we've actually had a record 1,300 golf simulator bookings year-to-date, although 1,100 of them were from [indiscernible] (01:30:21) stays off on the course.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

A bank, a pharmacy, a salad shop, a pub and [indiscernible] (01:30:31) praises me every day. Our coffee shop has the best iced matcha with low-fat oat milk south of 57th Street. What more could you want in retail [ph] Park (01:30:39).

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And 100 Park was one of the first buildings in New York City to achieve LEED certification way back in 2007, same year Bob started. It's a great example of how you can take a 1950's vintage building that can be maintained and improved over time so that it has superior sustainability performance. Two fine highlights here. As part of our biodiversity initiative, we have an urban farm and a beehive on the 21st floor set back. If anyone wants a jar of honey, track me down. [ph] Matt and Josh (01:31:07), I saw you back there and I know [indiscernible] (01:31:09).

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

125 Park is a fortress institutional asset. As a data point, we [ph] sold to far inferior sister (01:31:16) building at 110 East 42nd Street at a stabilized 4.2% cap rate in December 2021. The building has 100% occupancy and seven years weighted average lease term. We acquired this asset in 2010 and wholly owned it with no debt.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

With direct access to Grand Central Terminal, the building almost always stays 100% leased. We have upcoming expirations covering only one-and-a-half floors. We're in active dialogue with the [ph] half floor tenant and (01:31:46) expect they will renew while the full floor lease doesn't expire until the end of next year. The building is part of TD Bank's neighborhood Campus and TD has historically picked up every piece of available space that's come on the market. There's limited roll with only 50,000 square feet of expiring leases over the next two years.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

On the capital front, we are in the final year of a few key infrastructure improvements, including an elevator mod, Class E system upgrades and BMS upgrades, all of which improve the efficiency of our operating equipment. Local Law 11 includes the completion of an extensive two-year project to restore the landmark terracotta facade. We are stewards of many New York City landmarks and take great pride in our ability to restore and maintain them with finesse and attention to detail. The project will be completed early next year. Additionally, you may notice that there's some ongoing work to replace the sidewalk, which is part of the city's project to revitalize Pershing Square. And even better, they're paying for it.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

125 Park has an Emerge212, located on the top two floors of the building. It's got conference rooms, event spaces, hot desking and daily office rentals. There's also a convene conference center right across 41st Street. The building also has direct underground connectivity to Grand Central and an adjacent parking garage that we control that can be made available to tenants.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

This storefront across from Grand Central is one of the most important banking locations in the city. And to give you a sense and as further testament to the city's growing bank demand I alluded to earlier, we renew TD Bank this year, notwithstanding, they have another long-term lease at One Vanderbilt, an avenue away. There's major deposits here and has always generated top of market rents.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And the building is currently undergoing a full BMS upgrade and major cooling tower upgrades. So we expect energy efficiency to improve once these projects are completed.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

One Vanderbilt, not much to say that has not been said already about One Vanderbilt. It is the most coveted commercial building in the world. We own this asset in a 70/30 JV with NPS and Hines. The cash flow is bulletproof with 15 years of WALT and eight years of remaining debt term at 2.86% fixed IO. One of our main capital market objectives for 2024 is to finalize terms for an interest with one of the groups we are in active term sheet negotiations with. In all instances, expect to see us maintain majority ownership and control of One Vanderbilt.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

We have a pending lease with the final bit of vacancy, so my job will soon be done.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

Yeah. See about that after this.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

While I said 10 East was my favorite project, nothing can take the place of OVA. A world-class development is complete. We identified a day two project to improve the operations of the building to help mitigate stack effect. All tall buildings deal with stack effect and while the impact at OVA is minimal, we will add additional vestibules to a few locations to minimize any issues. In 2026, we have our first Local Law 11 inspection scheduled. We have the right guy for the job. And I'll add Matt to the alternate list for my team of Spiderman in case Peter or Paul need any assistance.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And One Vanderbilt sets the absolute standard for world-class amenities. We have to give some credit for the industry, which was quick to adopt this level of premium concierge service. It adds tremendous value to our properties. The building has this amazing 30,000 square foot amenity for where we are right now. We got Summit. It's got AmEx's first Centurion Members Club, which I mentioned earlier are the most amazing location, especially for Metro North and Long Island Railroad commuters. And I know I'm stealing Brett's thunder again, but two amenity highlights. It's got two new Michelin-starred restaurants [indiscernible] (01:35:32), which again I talked about earlier.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

In addition to the Michelin restaurants, the greatest [indiscernible] (01:35:39) in New York City, a state of the art [ph] TDE (01:35:41) New York City flagship store. In the spring of 2024, Watches of Switzerland will open a luxury watch and jewelry boutique on [ph] 43rd in Madison (01:35:52), that's an atypical luxury location. But, they recognize the power of the building and the Summit tourist attraction above.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And One Vanderbilt is the only building in the world with two simultaneous LEED [indiscernible] (01:36:05) designations. This is a one-time certification that you achieve as part of the building's design and construction. One Vanderbilt is also one of only nine buildings with WELL Platinum certification in New York City. Two major infrastructure highlights here. The building has a 150,000 gallon rainwater collection and treatment system. What this does is it reduces storm water runoff and the demand for city groundwater. It also has an onsite cogeneration system which serves two purposes. It traps and reuses the waste heat, and it creates onsite power generation during peak electric demand periods when the city grid is strained and when electricity is the most expensive. So the system provides both environmental and resilience benefits.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

Located catty-corner to JPMorgan's new headquarters, 245 Park is ideally situated in the heart of this Park Avenue Spine. If you recall my presentation last year, I promised you that we would get a JV done at this asset. I walk you through how we close in 2022 on the acquisition of this asset through a long fought bankruptcy process of the previous owner with the strategy to reposition the building. And in that presentation, I told you about those partners, and that's exactly what we did. We closed earlier this year on the sale of a 49% interest to Mori Trust, along with the sale of our previously held mezzanine loan. We have debt term through 2027, which is fixed interest only at 4.3%. With a well-aligned partner holding the debt and advance rights for us as the manager, I would expect to see this debt further extended in 2024 or 2025. And with our announcements this morning, we are also well underway on our repositioning plan that Steve and Bob will take you through.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

As noted, the building is undergoing a transformative redevelopment that's already led to 200,000 square feet of signed leases this year, including today's announced lease with Stonepeak Partners covering 77,000 square feet. Park Avenue is a red hot market, in fact, with 400,000 square feet of proposals under negotiation, expect to have some good news announcements early next year.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

Our team has been fully engaged on this massive redevelopment since acquisition. We're wrapping up our construction documents in the next few weeks while working through our initial purchasing of critical trades. We will commence physical work early next year. On the façade, KPF has designed an overclad focused on Park Avenue, consisting of curved terracotta and textured metal panels to elevate the building's presence on Park.

On the Plaza, PWP, our landscape architect, has designed enhancements, including extensive plantings with over 30 trees, increased lighting and seating, all with a common goal of activating the public realm. We are working through the approval process currently with the DCP. We designed a lobby that is fresh, clean and airy. Our internal design team, led by Marc, played a big role in the final design, including hand selecting block of stone that will be a focal point of the lobby. We may actually need another quarry visit next summer to ensure quality control.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

I think so.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

Key to note, under the JV agreement, SL Green is a 100% beneficiary of a $45 million reserve held by the lenders, which will offset SL Green share of 2024 redevelopment costs. Stay tuned over the next year as this project takes shape.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

On the amenity side, our plans at 245 are absolutely incredible. On the ground floor, we're adding a nearly 20,000 square foot tenant club and wellness center. It's going to have a juice bar, fitness equipment, treatment rooms, locker rooms at Equinox [ph] at NV (01:39:36) and a beautiful lounge. We're also keeping the golf theme going with four golf simulators and our Matt has a new place to play. Good news for 245 Park. Bad news for 100 Park.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

On the retail side, we are thrilled that Dos Caminos opened in 2023 on Lexington and 46th Street. It's great for the neighborhood, great for the Lexington Avenue corridor, great for office users to have a fun place for drinks and food after work. In the months to come, I can't wait to share with you what we're planning for the retail on Park in 47th Street, capitalizing on our great redevelopment and the opening of JPMorgan's new headquarters catty-corner. But the pièce de résistance of 245 Park Avenue lies in a simple question. When is the last time you sipped a martini, selected fresh langostino from a raw bar and closed a merger transaction, all on the roof of a skyscraper overlooking the epicenter of the financial universe. The answer is never, until now. Have a look at our new rooftop bar and restaurant at 245 Park. It will be iconic and we're already in dialogue with some of the greatest operators in the world to run it.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

Big highlight here is the adaptive reuse of an existing building, which is the true epitome of sustainability. The project focuses on material reuse. One example, we're retaining the existing elevator lobby stone. We're using that same type of domestically sourced stone for the remainder of the lobby renovation and the redev plan has really important infrastructure upgrades, which will improve the building's energy performance.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

Located on the north side of JPMorgan's new headquarters, we have 280 Park Avenue. We own this asset in a 50/50 JV with our crosstown rivals at Bernardo. The JV is the beneficiary of $140 million revamp that we completed in 2016. To give you an important data point demonstrating the return to office in our portfolio, we are seeing 130% utilization versus 2019 levels at 280 Park on Tuesday through Thursday, despite relatively the same percent lease north of 90%. The debt matures at the end of 2024, but we are finalizing negotiations of a long-term extension of this debt, and I'm extremely confident we're going to get this done in the next few months.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

It's really is one of the most popular buildings on Park Avenue as evidenced by this morning's announced renewal and expansion lease with PJT Partners covering 270,000 square feet. On top of that, we have an additional 200,000 square feet of active proposals. Building rents are robust, range of $90 to $145 a square foot.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

Yet another example of a comprehensive and timeless redevelopment completed by our team. Like 100 Park, we received the International Renovated Building of the Year award in 2019. Future capital includes the addition of a modest building amenity that wasn't required at the time of the original redevelopment, as well as code mandated elevator mod and a few projects to support leasing. Remaining capital needs are split 50/50 with our JV partner.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

The building has an 18,000 square foot public plaza and amazing artwork that's visible from the street, including the [indiscernible] (01:42:46) there at prime selfie location. Bob also mentioned that we're adding a modest amenity program here. This is going to include a private training room and landscaping by the lobby pool.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

We've got the impeccable Italian restaurant Fasano at the base. I don't – Fasano took over the buildout completed by the Four Seasons and really improved the front bar experience. The food is tremendous and a great addition to the SL Green Hospitality collection.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And this year we introduced a pilot program at the building to capture system start-up and shutdown opportunities. Based on the results that we experienced in the first three months, we're projecting a 3% energy savings just from start-up and shutdown optimization alone. So we're going to lean into this system a little bit further, and we expect to see improvement in energy performance and scores.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

450 Park Avenue sits on the corner of 57th Park Avenue, which is arguably one of the best corners in the country, halfway between Grand Central Terminal and the Upper East Side. This transaction is indicative of our asset management strategy, capital-light model for premier assets that we've been telling you about for years. We acquired the building with two institutional partners last year at a big discount to the seller's basis and retained 25% stake. The debt was put in place with Wells Fargo and we've term through June 2027 and future funding to cover a portion of the repositioning capital.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

This is an upscale boutique building with very efficient 10,000 square foot floor plates popular with financial service tenants. Since taking over the building less than 18 months ago, we've raised occupancy from 77% to 93% and increased rents $15 a square foot. How you doing?

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

[indiscernible] (01:44:35).

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

We have to newly design, high-end pre-built program and I expect occupancy will remain in the mid-90% range with rents continuing to rise.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

Similar to 45, the budget represents the first generation redevelopment capital to elevate the building to SL Green standard and align our business plan to help leasing team attract and retain the highest caliber tenant roster. We will complete all major items in 2024, including infrastructure to support new leases, a sidewalk replacement and a modest renovation of the lobby. Amenity program was also designed by Fogarty Finger.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

So next year we're opening a tenant fitness amenity and we're adding something we haven't done before, two F1 car simulators. These were designed by three time Le Mans winner and Aston Martin Factory driver, Darren Turner. No, that picture is not there. And that's only Bob DeWitt [indiscernible] (01:45:26). We're also adding a golf simulator, specifically for Matt, and we're going to have a state-of-the-art fitness equipment, personal training group fitness. So on the hospitality side, I think we've got our hands full. We have to figure out how we're going to manage this waitlist.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

Aston Martin opened its showroom this year in the space formerly occupied by Phillips Gallery. Aston continues the element of glamour at the building's front door, and we're able to [ph] core mark it the 450 (01:45:51) office space off the Aston dealership.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

We acquired 450 with the highest LEED certification level of platinum. And we're in the process of recertifying right now. It's a great building, and we're going to continue to identify further efficiency opportunities.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Okay. Like I said, the beating heart of the SL Green portfolio. That is – it's quite a impressive collection of great assets along this Park Avenue Spine in these stats, I think bode fairly well. As well in 2024, you see we have a debt maturity which is 280 Park. Harry told you where we are in that process. I don't think the announcement with PJT and the pending leasing we have there is going to hurt those negotiations as we try to close that out. And then 2025, 2026, relatively clean and then we have some more refinancings to do in 2027, most notably...

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

245.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

...among those 245 Park. But by then, that comes at the end of the redevelopment and hopefully full lease up of the building. And so by the end of 2024, we would hope for 2024, 2025, 2026 to look relatively put away in terms of liability management.

The NOI on this equivalent of like AAA Treasury real estate location is 5.5% compounded annual growth, again with less than 2.5% a year of rental inflation factored in, again leveraging off of just over 1% compounded annual growth since 2019 in our operating expenses and base building capital given the newly redeveloped nature of most of the portfolio falls under $2 per square foot at share for SL Green.

Then you look at the Park Avenue leasing statistics and you see that we've got a fair amount of work to do in 2024. That's mostly a result of what our expectations are for 245 Park and our lease of objectives there. But I note that of the 743,000 square feet we intend to lease as a goal in 2024 looks like, my God, over 80% of it is already specified, which means we're going to have to go back right after this and redo Steve stats because he sandbagged it again. It sounds...

[indiscernible] (01:48:17)

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

...like you do more there. If [ph] 677 is already illuminated (01:48:19).

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

[indiscernible] (01:48:21). How you doing?

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

And with all that leasing, we would hope to see our occupancy climb rapidly into the mid-90s at the end of next year. So expect a lot of performance out of the six pack that I mentioned earlier. And now we're going to go – leave East Midtown, all the way to the west side. We will swing over there and take a look at the five core assets we own in this submarket.

Without question, this is the toughest Midtown submarket that we experience and there is an availability rate in this submarket of close to 25%. And so, it's just a challenge and it's against that backdrop. That means we've got to work that much harder to execute. We're proud in that very high vacancy submarket that our West Side portfolio has a current occupancy of 90%, far in excess of the market and we will simply work, as I said, harder, more creatively to continue that level of outperformance in this part of town.

Under these challenging conditions, we were actually able to sign 417,000 square feet of leases in 2023 and the tour activity is modestly up off a small base. But, you know, I think there's about 35 or 40 tenants touring this particular area right now, which is a favorable trend and it's all about trend leading into next year.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

We own 1515 Broadway in the center of the bow tie in a joint venture with Allianz. And as Marc mentioned, what's great about 1515 is that it works perfectly as the greatest casino venue on planet Earth, but I'll cover that later. The building is fully leased to our great partner, Paramount, occupying all of the offices through 2031. With its stable tenancy and low fixed rate loan, there's significant cash flow after debt service at the property. Looking forward, I'm already in dialogue with the lender to extend the loan multiple years beyond the current maturity date, and for clarity, that extension would be independent of the Casino License Award.

The retail at 1515 is leased to the likes of Swatch, Skechers and LINE FRIENDS. The Lion King is the highest grossing show in the history of Broadway. Can't take too much credit there because it's a truly amazing production. But the theater being at the 50 yard line of the bow tie might play a role. We also have a second live performance theater in the building's lower level. It's a great retail offering, probably the best positioned in Times Square. But the retail is an interesting story because although 1515 is well leased, the bow tie today is not what it was. It really should be a premier retail real estate entertainment mecca. But COVID hurt Times Square submarket more than any other and it's had a hard time coming back. And we truly believe that it needs a spark like the casino to rally that retail submarket to come back to what it was and better than before.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

This is an institutional quality headquarters building, which had a great run with Viacom as it noticeably expanded into 100% of the office building. It's hard to believe that they nor any other tenant could find a similarly sized building at comparable rents anywhere in Midtown.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

We completed a major redevelopment several years ago, including a lobby renovation, retail repositioning and several infrastructure upgrades, and the addition of LED signs fronting Broadway in the heart of the bow tie. We scheduled the replacement of the original LED billboards that are at the end of their useful life. Our plan is to replace them with the newest technology and expand them to 4 times their current size. This is a good capital, targeted to drive additional revenue. We expect the payback to be less than 24 months. There's also elevator upgrade scheduled for 2026 and 2027. And on Local Law 11 front, the project focuses on the restoration of the trademark [indiscernible] (01:52:32). But to be honest, our real goal here is not to do any of this work. I'm going all in on Brett to get the casino done. How you doing?

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

Location here is a showstopper. You've got direct access to Broadway and live performance theatres. And of course, there's no better place to be on New Year's Eve with a spectacular view of the ball drop in Times Square. Paramount, on the sustainability side, Paramount is a high intensity energy user, which is reflected in our lower ENERGY STAR score. Unfortunately, ENERGY STAR scoring isn't perfect. It does impact tenants with high intensity uses like tech and media. But I will say that Paramount is extremely engaged in sustainability. We've had great dialogue with them and we're jointly tackling energy efficiency.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

1185 Sixth Avenue is right in the heart of the Sixth Avenue corridor. This asset continues to be a big free cash flow earner for the company. We have 20 years remaining ground lease terms. We expect this asset to continue to provide significant future free cash flow. Further, we are currently in early dialogue with the fee owner to extend the ground lease and also executing on strategies to extend leases without impacting the cash flow. Like the balance of the West Side portfolio I would take you through, there is no doubt whatsoever on this position.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

1185 is one of the most affordable buildings on Sixth Avenue and Sixth Avenue is one of the strongest submarkets in Midtown. We're currently negotiating seven active proposals and two new leases. Most of law, insurance and financial firms, as you see, there are no 2024 expirations. Although King & Spalding and Hess do have near-term expirations, each sublease substantial portions of their space and we expect to retain most of those sub-tenants on long-term direct leases. Given the buildings' short-term ground lease, we will need to be thoughtful going forward about our capital spend at the building.

Robert DeWitt
Senior Vice President-Construction, SL Green Realty Corp.

We recently completed a massive transformation of the building's entrance and lobby, greatly improving the street presence. There are a few minor infrastructure projects planned over the period, as well as upgrades to support the lease up of space in 2026 and 2027. As a regular program at the building to address [ph] marble panel re-pinning (01:54:47), the next expected cycle of façade restoration will occur in 2025 and 2026.

Laura Vulaj
Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

This building has an Emerge212 facility with fully furnished hybrid offices, short-term rentals and meeting space. Tenants love the convenience of in-building conference center options and there's also a convene conference center down the block. And of course, 1185 is one of the best locations to watch the Thanksgiving Day parade.

Brett Herschenfeld
Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

As of last week, the retail is now fully leased, as we are bringing both Carnegie Diner and Naxos Greek restaurant to the corner of 47th and 6th. The deal was done as is and without any TI. Something Steve found mind blowing.

Steven M. Durels
Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

Right. [indiscernible] (01:55:28).

Laura Vulaj
Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

So here we have plans for a future chiller upgrade, which we expect to positively impact the building's energy performance.

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.

810 Seventh is yet another wholly owned and unencumbered asset that is well positioned for a wide array of industries. Without debt or partners, we have plenty of flexibility to get deals done and push leasing. The building is 82% leased with nearly five years of WALT. So there is some leasing to do which Steve will take you through.

Steven M. Durels
Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

Now the building is home to a wide range of tenant types with no single tenant dominating the rent roll. A new custom designed pre-built program is already proving very popular. In fact, we have 70,000 square feet of active proposals which are likely to convert over to leases.

Robert DeWitt
Senior Vice President-Construction, SL Green Realty Corp.

We acquired the building and immediately renovated lobby, elevator cabs, core restrooms and corridors. Renovations have held up well over the years. We completed significant infrastructure mechanical upgrades during our ownership and recently completed a full elevator mod including the upgrade to destination dispatch technology. Other than Local Law 11, which includes plant, brick, restoration in 2026, the only base building capital required is to support these leasing.

Laura Vulaj
Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And 810 has a brand new state-of-the-art convene conference under its brand that has ETC Venues, has 23,000 square feet across two floors, has got breathtaking views of Times Square, Central Park. It's got a full service kitchen, and it's been incredibly popular with tenants. The building also features the HOPE sculpture from Robert Indiana. He's famous for the iconic LOVE sculpture that was first created in 1970. So his art is a true amenity for this building.

Brett Herschenfeld
Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

And once again, the fully leased retail to two bank branches. There's both a Chase and a Bank of America co-existing at the base of the same building.

Laura Vulaj
Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And we've done recent upgrades to improve thermal controllability and reduce energy and carbon impacts. 810 was also previously a BOMA Grand Pinnacle Award winner for Operating Building of the Year.

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.

1350 Sixth Avenue is a gem on the avenue. This asset is on a prime corner in a very attractive offering. It's a wholly owned, unencumbered asset supporting our corporate debt. This could serve as a JV candidate in the future given the inbounds that I receive about this asset. There's a story to be told on leasing, and Steve is going to take you through.

Steven M. Durels
Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

Buildings plaza area location offers amazing Central Park views on the upper floors where we achieve rents of $85 to $100 a square foot. Current vacancy is located in the base of the building following Amazon's recent consolidation into a new headquarters. We are prebuilding one of those large floors and offering built-to-suit options on the other floors. Based upon early feedback, we expect the building to come close to 90% leased by this time next year.

Robert DeWitt
Senior Vice President-Construction, SL Green Realty Corp.

Yet another example of a transformative lobby and storefront renovation completed by our team with a classic and corporate design. The building has been maintained well over the years and has minimal required capital remaining. Future projects are focused on infrastructure upgrades that improve efficiency and reduce operating costs, including a chiller replacement in 2027. And some Local Law restoration in 2026.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And Steve mentioned this already but the key highlights here are the plaza and the stunning views. The lobby also features a spiral wall sculpture that we commissioned specifically from [indiscernible] (01:58:55).

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

The retail at 1350 has always been a strong performer given its proximity to the park, the tourist flow, as well as the well-populated office buildings. [ph] Bueche (01:59:05) is one of the better known restaurants in New York City, especially for its alfresco dining.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And on the sustainability side, as Bob mentioned, we're planning a future chiller replacement here and we hope to get that ENERGY STAR score up. We've also seen really high participation here with the [indiscernible] (01:59:21) commercial tenant program, which offers free energy audits of tenant spaces. We love having actively engaged tenants who are equally as committed to sustainability.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

This has a special place at SL Green because it was Marc's first acquisition. Big reveal. Look at that price.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

Isn't that [indiscernible] (01:59:40), $62 foot back in 1998, Steve, do you remember that?

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

Of course.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

I do. We never saw that again, but it was great. $62 a foot for a [ph] BMW building (01:59:57).

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

In the past 24 years, this building has been another workhorse for the company. In 2022, we signed a 10-year lease extension with BMW for 225,000 square feet. 2023, Steve signed 263,000 square feet of leases, including CBS and GNYHA. It's a very sticky tenant roster with a lot of infrastructure at the building. Yet again a wholly owned, unencumbered asset continuing to bolster that unencumbered asset pool.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

555 is a bit of an island unto itself given its far west side a 11th Avenue location. However, it's the best office building in this niche market and popular with healthcare and education tenants. CBS is tied to the building since they're supported by CBS' global production facility located directly across the street. And like at the News Building, we've set up all floors as commercial condos to attract non-profit tenants who take advantage of 100% real estate tax abatement in connection with 30-year leasehold condos.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

The capital plan includes a full elevator mod phased over four years, including new cab interiors and the prep work to support lease roll in the building. In 2025, we have planned repairs to the garage to hit the Local Law 126 filing deadline.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

Location here is great for anyone who's driving into the office. There is onsite parking and it's located right off the West Side Highway. Although putting my sustainability and ESG hat on, I strongly encourage public transportation. But if you do drive a BMW, you can get your car serviced right onsite. So that's great. And of course, being so far west, you get panoramic views and one hell of a sunset.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

As Laura mentioned, we've got our longstanding partners at BMW with their dealership at the base. But it's interesting to note how much this area has improved with the inflow of surrounding residential tenancy. The retail dynamic has changed significantly and we just signed a lease with an experiential retail tenant that was unlikely to consider this location 5 to 10 years ago.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And we've had some work to do here on the sustainability side, but we did complete a steam pressure reduction project back in 2022 and we've made some HVAC control upgrades. We've already begun to see improvement in our energy performance and our engineers are focused on optimization.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

Okay. So, it's the West Side portfolio, as you saw, the vast majority of it is unencumbered. That's the good news. The primary debt we have to deal with, where Brett talked about the status, where we're on it, $760 million at 1515 Broadway, we've got multiple options there as office or hopefully casino and that's what our intent is. In either event that is well secured and we would expect at this time next year in either event to have that debt modified out in time. That's part of our business plan. And even in this tougher submarket, we're projecting 2.5% growth in the bottom line.

That's more related to clearly some lease up we have right now at 1350, 1185 and 810. It's going to help lift that bottom line over 2024 and 2025 keeping our expenses at 1.5% annual compounded. Slightly more capital base building [ph] that (02:03:21) much, but slightly more is probably the most of any submarket but, one, it's – 2025 is distorted by the LED screen capital, which has a revenue source and a payback. And also you saw some larger-than-ever numbers at BMW, which we probably [ph] haven't (02:03:38) invested much in since our original acquisition. So well time for that.

But, all in all, the portfolio is solid. And most importantly, we don't really have much in the way of debt concerns once we get past the negotiations on 1515. And on the lease expiry schedule, you see we have an uptick projected for 2024 of almost over 200 basis points on account of those three buildings I mentioned leasing up. There's a slight dip in 2026 because we have one larger-than-average rollout then, but nothing that we don't think we can manage.

We've got a fair amount of leasing targeted for next year at 340,000 square feet, over half of which is currently identified in pipeline. So, now, we will take this and wrap up to core office markets with Midtown South and our downtown asset. This will complete basically all of our core asset holdings. We have about one to five properties here. The average size in Midtown South is – for all buildings is under 250,000 square feet.

So, when you look at our three building campus, One Madison, 11 Madison, 304 Park South, there are three extraordinary properties that flank Madison Square Park and they are one of only a few alternatives for large tenants in the district looking for either a larger floor plate and/or new amenity space. So we hold a really good competitive advantage in Midtown South, and as a result, we're having success leasing.

Historically, this was among the tightest submarkets for much of the last decade, having benefited from significant investment in repositioning buildings and heavy tech demand. But now tech demand is paused. But I'm confident tech companies that are now firmly established in New York City and benefiting from that diverse and educated workforce I referred to earlier that will once again resume cyclical job growth after they're necessary and I would say expected rightsizing that's occurring now. And hopefully there will be those kind of life science initiatives and other tech initiatives done part and parcel with the city.

You heard about $1 billion investment that'll get tech sort of up and running again. And I'm sure over the next three to five years there will be growth in that sector. So let's kick it off. Harry?

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

11 Madison is the furthest north of our Park Avenue South campus adjacent to One Madison. It is a full block from Madison to Park Avenue, and this fortress asset is 96% leased with 10 years of WALT. We have $1.4 billion of debt, which is well covered and matures in September 2025. We plan to kick off negotiations with the lender for an extension early next year on the heels of a few other refinancings that we expect to provide good comps for this loan refinancing.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

This is an institutional landmark quality building. [ph] Sony and UBS is (02:06:48) North American headquarters, anchor the building with lease expirations through 2031, 2037, respectively. The building has uniquely large floor plates, a submarket dominated by small buildings. However, the real potential for our performance comes from the ability of 11 Madison and One Madison to create a one-of-a-kind campus for a large tenant who might otherwise find it a real challenge to find large spaces in this very popular submarket.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

The biggest building in the SL Green portfolio. It has amazing infrastructure that's been meticulously maintained by our team and our tenants over the years. While exquisite, the Art-Deco lobby is dark and in need of an upgrade to bring life and activity into the tremendous volume of space. We've designed a very tasteful renovation plan with architectural lighting and bespoke furniture of the time period that we'll be executing next year. On a Local Law 11 front, we've been working through an extensive restoration program to maintain the nearly 100-year old façade since acquiring the building in 2015. After this next maintenance cycle, there'll be minimal required repairs within the next 10 years.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

Here are the amenities that are within tenant spaces that are the real spotlight. UBS has a subterranean fitness facility that the equivalent size of a commercial Equinox gym. It's got a conference center bigger than any Convene conference center we've seen, and an amazing cafeteria with something like five restaurants in one. Sony has its own cafeteria and roof deck and it's got this incredible Omakase Sushi Bar. This is one of the big differences between midtown versus downtown. Tenants in this submarket add really creative uses to their spaces that are just really cool. [indiscernible] (02:08:34) on the 12th floor another good example of how tenants amenitize their own spaces in non-traditional ways with the addition of bars, restaurants and modern conferencing.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

We're proud of our great restaurant tenant Eleven Madison Park, which once again received three Michelin Stars in 2023. In an article in the New York Post this year commemorating Eleven Madison's 25th anniversary, SL Green was recognized as having partnered with the restaurant during COVID as we did with all of our restaurant tenants. To keep its doors open, ensure that the great hospitality houses of New York remain in business.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

Key feature here is our onsite ice plant, which is used for thermal storage. Again, we have one at 220 [indiscernible] (02:09:17) second ice plant. It reduces our peak electric demand in the summer when electricity is the most expensive. The building also won the BOMA International Earth Award and the BOMA Grand Pinnacle in the same category back in 2021.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

The trophy development of Midtown South, One Madison, is located right on Madison Square Park and right in the heart of the Flatiron District. Capitalizing this deal over the past few years has taken multiple steps for the team at moments in time when the market thought it could not be done. First, we brought in NPS and Hines in the beginning of COVID when nobody was capitalizing anything. Then we put on a construction loan in November 2020 when nobody was financing anything. Then we capped that loan at an all-in cost of 3.59% in 2021, when nobody was hedging anything. Then in 2021, we sold another 25% stake to KTCU when the building had zero leasing.

This team does not take no for an answer and the latest step in monetizing this asset, this past September, we announced our partners funded us the remaining $580 million commitment at TCO of the project, which we used to pay down corporate debt. Kudos to Bob and his team for getting that done on schedule – actually ahead of schedule. Steve is well underway in getting this asset leased and we're excited to get the building stabilized shortly.

Steven M. Durels
Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

While Bob has his favorites, this, without doubt, is my favorite building. We'll discuss leasing in greater detail on today's Property tour, which I hope all of you are joining. However, it is worth noting, we've seen a recent uptick in tour activity, now that the building's construction is complete and similar to what we experienced at One Vanderbilt, once the amenities start to come online, we expect proposal activity will soon increase as well. In fact, we're currently negotiating three proposals covering 150,000 square feet, which I have every expectation will convert into leases.

Robert DeWitt
Senior Vice President-Construction, SL Green Realty Corp.

I look forward to showing you firsthand this afternoon the tremendous work completed by our dream team. SL Green, Hines, Tishman, KPF, JB&B and Severud, many and many others who we took directly from over to OVA to OMA. The project is substantially complete and due to [ph] Gianna's (02:11:30) unmatchable tenacity, all lease spaces have been delivered to the tenants. All remaining capital is fully funded and associated with ongoing amenity fit-outs and leasing related costs. There is no additional expected capital requirements for SL Green in the near-term.

Laura Vulaj
Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

So this is the One Amenity program that rivals One Vanderbilt. I already walked you through this, but the Food and Beverage Service is all managed by Daniel Boulud. We have the 13,000 square foot rooftop with an indoor pavilion and an outdoor terrace, which is going to be a daytime amenity for tenants. And then an amazing event space at night. And then we also have our 10,000 square foot tenant café and social space in the lower level of the building.

Brett Herschenfeld
Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

I'll be taking everyone on a tour of the retail later this afternoon as well. But what makes this retail great is the asset's positioning in a true 24/7 neighborhood. Rarely is amenity retail able to draw consumers from all three categories. One Madison has all the office users of Midtown South, the great residential of the Flatiron and Gramercy Park neighborhoods, and the tourist attractions of Eataly and Madison Square Park. In One Madison and V1 the retail was underutilized, but this redevelopment will give it new life and the growth of the neighborhood will make this a very special retail collection.

Laura Vulaj
Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

We have an amazing sustainability story here. It's a great example of how you can extend the building's life cycle. We retained 950,000 square feet of existing building podium, and that avoided 21,000 tons of carbon emissions through material reuse and avoided demolition. We're targeting LEED Gold and WELL Core Gold and on completion, One Madison will be one of the highest examples of sustainability and wellness in New York City.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

304 Park Avenue South is the southern anchor of our Midtown South campus, right on the corner 23rd Street. It's a wholly-owned and unencumbered asset that supports that unencumbered asset base. It's 100% leased, and this asset will continue to get better as One Madison opens.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

It is 100% leased, with the exception of one floor occupied by the OMA construction team that becomes available next year. So my goal is to early renew and expand IMG onto that floor. Additionally, looking long term, the building is a solid prospect as a residential development site, given its location directly across the street from Madison Square Park.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

I take back what I said about every building that was my favorite before this. 304 is actually my favorite with next to no capital remaining on the term.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

Here the amenities are within IMG's control. But I will say that the proximity to Madison Square Park and the subway connections have huge appeal. 304 is also right across the street from One Madison, where we're bringing in this incredible food and beverage experience that's going to transform the area and turn vacant storefronts into a dynamic 24/7 hub.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

The retails fully leased here is no surprise given the location on 23rd & Park with a key six-train stop right in front. Several of the tenants have proactively approached us for early renewals and we've got SPIN, which is a ping-pong experience in the lower level of the building. It's a great neighborhood and corporate event amenity.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

Here we're in the process of full building sub-meter upgrades which will improve our data tracking. 304 also has a strong ENERGY STAR score of 79 and certified.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

Now down to the tallest building in SOHO. Renowned for its retail office and residential space, the SOHO building is remarkable. The way we acquire this asset is a testament to the investment team's relationship building. We acquired 110 from Janet and Jessica Goldman, who inherited this property from their father, Tony Goldman. And they were very focused on who could carry on the family's legacy. Not only did the family get comfortable enough to make us the stewards of the asset for the next generation, but they also allowed us to house their vast art collection in the corridors of the office space. A lot of future potential here for residential conversion, but the building also gets very high rents as office space, yet another wholly owned unencumbered asset supporting that unencumbered base.

Steven M. Durels

Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

This is a popular boutique building with tons of quirky character. It has a mix of both office and residential tenants. The office suites are creative, open-plan designs which typically need only modest amounts of TI in connection with re-letting. We have a curated art program that runs throughout all common areas of the building, and rents are surprisingly strong $80s to $90s per square foot.

Robert DeWitt

Senior Vice President-Construction, SL Green Realty Corp.

Recognized by BOMA as the regional operating building of the year in 2022, the only major capital project planned is a sidewalk replacement in 2026. This project was identified during our original underwrite and we've been able to defer this work for over a decade due to regular maintenance. We completed an extensive restoration of the landmark facade upon acquisition and don't foresee any additional near-term repair requirements.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

As both Harry and Steve mentioned, 110 Greene features an extensive fine art collection from the Goldman family. The building's lobby and corridors are equal to an immersive art gallery with classic pieces throughout the building. 110 Greene also has a communal rooftop deck, and we're planning an amazing upgrade in 2024. We're going to be adding a small, bespoke sauna to bring a spa and wellness amenity to tenants.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

As I'll show you later in the presentation, no retail submarket has grown and performed better than SOHO. It's a 24/7 lifestyle environment with the best restaurants and stores and rents and occupancy at all-time highs. The retail at 110 Greene Street has so many twists and turns and a great conclusion. When we acquired the building design within reach had SOHO flagship here and paid a rent of $1.85 million per annum. In 2021 at the expiration of DWR, we leased the space to a jewelry tenant for a gross rent of $3.2 million with a $1-million TI, no credit, but a $6-million security deposit. The jeweler was slow to start construction however, and with the market moving, I quietly approached the top two fashion houses in the world, LVMH and Kering for a behind-the-scenes competition for the space. And in the end Balenciaga emerged as the new tenant, funding the buyout of the jewelry tenant itself, paying a rent of $3.75 million per annum, $550,000 more per year, they handed us back the $1 million TI and they replaced the $6-million security deposit with multi-billion dollar carrying credit. At SL Green, even when the space is leased, our work is not done.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

Here, we have an incredibly high Energy Star score of 92, one of the highest in the portfolio. The building's got a central heating system with high efficiency boilers and electric chillers. The commercial tenants here are also very low-intensity energy users, and it's a masonry building with punched openings, so all these factors contribute to its energy efficiency.

Brett Herschenfeld
Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

We're at the last one. After this, Marc's going to take you through all the AD assets we've learned and sold, so this could be a long day. Buckle up.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

Guys asked for it.

Brett Herschenfeld
Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

100 Church is next. Fortunately, FIDI and Tribeca is not a submarket we have a big footprint in. But if you're going to have a presence in this market, 100 Church is the right asset. We took over 100 Church through our DPE business as part of a deed in lieu in 2010. It's a perfect example of us taking advantage of our DPE business like we did it at 245, 885, 590 Fifth and 625 Madison and that list goes on. We took this asset in in a basis of $181 million. The building is 93% leased with almost nine years of WALT. It serves multiple city agencies. In fact, I think the City Law Department keeps almost all of their files sorted in the basement of this building, and they've been there for over 40 years. We put on $370 million of debt last year, which we fixed at 5.89% with the maturity in June 2027. There's plenty of coverage on this asset and term to run on that debt.

Steven M. Durels
Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

No secret, the downtown market is struggling, but fortunately, 100 Church is located in one of the better areas with close proximity to the World Trade Center. Our two largest tenants occupy 750,000 square feet with leases going through 2032 and 2034. We currently, have one lease in negotiation covering 28,000 square feet which I think is a high prospect, [indiscernible] (02:20:02) within the next 45 days.

Robert DeWitt
Senior Vice President-Construction, SL Green Realty Corp.

Another prime example of an asset with minimal base building capital required. The only near-term project is a [indiscernible] (02:20:11) required elevator upgrade. On a local 11 front, we have a project plan for 2025 and 2026. The last major facade restoration was over a decade ago, and after this project we don't expect another project for 5 to 10 years.

Laura Vulaj
Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

So, here we're considering activating the roof deck to create a tenant amenity, so we'll report back on that in the future. The building also features a members-only Nexus Club on the seventh floor, which has dining, a kids club, a spa and wellness, fitness and golfing. So, obviously Matt's got to be a member and the Nexus is – it's a really a great tenant to have in this building.

Robert DeWitt
Senior Vice President-Construction, SL Green Realty Corp.

And the retail at 100 Church has benefited greatly from being across the street from the downtown Four Seasons Hotel. We signed a lease with a Danish bakery this year and have a lease-out for the remaining space of the property.

Laura Vulaj

Senior Vice President-Hospitality & Sustainability, SL Green Realty Corp.

And on the sustainability side, we completed a full BMS upgrade in 2020, positively impacted our ENERGY STAR score. And I will point out that this building performs remarkably well during demand response events because the BMS system design allows our engineers to control very targeted electric loads. So this also generate curtailment revenue for us, which is a win-win.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Okay. The irony of all this is, I don't think Matt plays golf. I really don't. So I don't know how we got into this, but that is the summation of our downtown portfolio. We have some very exciting assets there. In terms of liability management, we've got debt coming due at 11 Madison, not in 2024, obviously, we'll be working on that. But that's a 25- [indiscernible] (02:21:51) I recall...

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

Correct. End of 2025.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

...and then we have obviously One Madison where we'll be looking to convert that loan to a mini perm after we get from about where we currently stand to about 75% leased, which we expect to, by end of year. So I think we'll be able in 2024 to work on the One Madison debt, maybe not the 11 Madison debt, so when we get to that point in time at the end of next year, we would hope to see some announcement on the One Madison extension.

And in terms of NOI contribution, it's obviously almost two times, two-and-a-half times our portfolio average because we've got so much lease-up and contribution coming in from One Madison. So just like One Vanderbilt has kicked a lot of income in, One Madison will do the same, when we get out to 2024 through 2026 and you'll see occupancy start to rise considerably when we get through that full lease-up period. We've also got this year the construction office rolling out of One Madison because we've done there. We have to lease that up at 304 and the data company is...

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

IDC.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

...IDC is where at...

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.

At 100 Church.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

... at 100 Church. So, you know, work to do here. But there's definitely a path towards stabilization and some work to do on restructurings. There's a lot of space to lease here 426,000 feet and you don't see a bump in the occupancy because One Madison is not same store. But that doesn't mean we're not loading the guns for future growth. And that's where we are in that portfolio.

So, with that, completes our review of the core office holdings. We will now continue on a look at our assets by turning to High Street retail portfolio. There's a couple of assets left there, even though we were very early on the disposition trend and then we'll roll through the balance of the portfolio, residential and otherwise.

And for now, I'm going to turn it over to the always entertaining and informative Brett Herschenfeld. Thank you.

Brett Herschenfeld
Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

All right. Thanks, Marc. As we have communicated to you for the past six years, we continue to reduce our High Street retail exposure. Since 2017, utilizing our proprietary tenant information, we've selectively sold or refinanced 10 High Street retail assets for $2.65 billion in gross proceeds. Lots of work and significant value already realized here, and it's well in excess of the performance of the rest of the market. While we sold or recapitalized many of the assets, we still consider ourselves the market leaders and tracked the Street retail market closer than anyone, always ready for opportunity.

As I mentioned last year, retail has continued its recovery in Manhattan. Availability rates are down in 9 of 11 submarkets. Brick and mortar retail sales in New York City continue their upward momentum three years in a row of growth. You see here on the middle screen, a sample of the major leases signed in 2023. With this renewed confidence, tenants are once again spending real money, building flagships, the ones that we've always known, New York City. SOHO, as I mentioned earlier, has seen 31 leases signed through the third quarter of 2023. But, in my opinion, the immediate retail growth story lies in the Madison Avenue Gold Coast, which once again has claimed its throne as the luxury destination in New York City.

When we signed the flagship retail lease with Giorgio Armani at 716, Madison in the first quarter of 2019, Madison Avenue had a staggering 29% vacancy rate. But our work and [indiscernible] (02:26:00) catalyzed the revival of the corridor. As of the third quarter of 2023, the vacancy rate on Madison Avenue has dropped below 12%. That's the lowest on record. Look at all these new deals and globally recognized brands taking space on Madison in 2023.

I'm really proud to be able to present the retail at 760, Madison Avenue to everyone today. It's a long time in the making. We formed a tremendous partnership with Giorgio Armani a decade ago and worked to create this boutique retail and residential condo project that continues to receive accolades. Executing a retail lease on a future new development is always challenging, particularly one with over $17 million a year of triple net rent for a new 15-year term and credit. But we got it done with our partners at Armani, and I'm proud to say that Bob, Phil and his team delivered the space. Armani has formally accepted possession and the rent has commenced as of November 1st, 2023.

The capital you see here is the retail share of the development closeout capital. The store plus the new Armani Ristorante will open for Fashion Week 2024. This will be a great cash flowing asset for years to come. We own it unencumbered, no debt service and no capital. Our only other High Street Retail asset currently on balance sheet is 85 5th Avenue, an asset we took as [ph] REO (02:27:34) through our DPE book in 2020. We own this property unencumbered in a joint venture with Wells Fargo. It's an outstanding piece of retail located in a very strong submarket, the Flatiron District. The property is fully leased long-term to Piano.io, which I introduce you to a few investor days ago. They're a creative software company that decided to utilize retail space as a showroom for their software product.

The bottom line is, we receive a clean net income. There's no debt service and there is no capital. And now Harry is going to take you through the residential portfolio.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

Thanks, Brett. Our current residential portfolio is spread across three different submarkets. FIDI is a sub-market where we have built multiple dormitories for Pace University along with our residential project at [indiscernible] (02:28:25) Street. Midtown is our backyard, but is almost entirely been a commercial submarket for us. But Rob will take you through our residential strategy here. And then we have our first luxury condominium project, which is located on the Upper East Side.

Brett already took you through the enormous achievement in delivering the Giorgio Armani space unscheduled. But now I want to take you through the 10 boutique residential condominiums located at 760 Madison. You've heard us talk about this project for several years now. But this summer we finally obtained attorney general approval to start selling residences. With only a few months – within only a few months, we've signed up contracts for four units, have one contract out for signature and have two contracts in negotiation. With these deals, I expect the residential to be 70% under contract approximately nine months before we deliver the units to buyers next summer. As a testament to the offering, we have already achieved the accolade of selling the highest price per square foot unit on the Upper East Side.

Shifting all the way downtown is our latest development for Pace University. After delivering over 100 – 1,800 – almost got that wrong – 1,800 dorm beds for them across three different projects, soon Pace is going to build a statue of Brett. This project speaks volumes of the incredible teamwork and never take no for an answer attitude of SL Green. 2019 we acquired the site from a seller who told us he would never sell and then simultaneously signed a lease with Pace University for the entire building for dormitory and educational facilities. In 2020, we vacated 45 small commercial tenants from the existing site, and in the first months of COVID, we brought in KTCU for an 80% stake in the project.

And fast-forward in less than three years from buying the site, this summer we achieve TCO on schedule and $10 million under budget and delivered to Pace the entire building. Our team, led by Peter, John and Jason, made this happen. Pace is already rent paying and the project is cash flowing with extension options the debt matures in 2025, but we're already working on an extension and [ph] trading paper (02:30:42) with the lender.

Next up is 7 Dey Street. 7 Dey is a brand new residential and commercial project adjacent to the Fulton Transit Center, which benefits from a 35-year tax abatement as a result of the 64 affordable housing units we have delivered. The project has been meticulously run and managed by Meghann Gill and her team, but before I pass it over to Meghann, our SVP of Operations and residential extraordinaire, I just want to note that while the debt matures in two weeks, we are trading signatures on a three-year extension of the debt. I expect that to close, like, in the next few hours imminently.

Meghann Gill

Senior Vice President-Operations, SL Green Realty Corp.

Thank you Harrison. While I oversee operations, Residential has become my side hustle and it's nice to make money for the company instead of spending it. And in true panel fashion, 7 Dey is my favorite building.

I first presented the asset two years ago and outlined our leasing objections which we have blown out of the water. Market rate runs are averaging over $100 per square foot and have increased by almost 2.25%. Our average occupancy rate has been remarkable at nearly 98% and our retention rate is above 60%, which is a testament to the high standards that we deliver to our residents. It certainly helps that the building is over amenitized relative to the unit count and that these units were set out with kind of level finishes. The property sits above a major transportation hub and a great neighborhood with great views of downtown and as a brand new development that is maintained to the highest standards, there is no real capital needed in the near term.

While residential here has been a blowout success, the three commercial floors have been a bit of a challenge for us. We are out to non-profits and non-traditional users to lease or sell condo interest on a floor by floor basis, something that we will remain focused on in the next year. Retail, on the other hand, has been performed tremendously well. Thanks to Brett.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

Thanks, Meghann. We bought this development site with the same thesis we had across the street at 180 Broadway where we leased to TD Bank, Urban Outfitters and Pace University. It's great real estate across from the central downtown transportation hub, the Fulton Transit Center. With a constant foot traffic seven days a week, it's no surprise that we fully leased the retail to Wells Fargo Corporate, T-Mobile Corporate and One Medical Corporate. That's over 16,000 square feet of retail lease concurrent with the building's opening.

Meghann Gill

Senior Vice President-Operations, SL Green Realty Corp.

I am chomping at the bit to get my hands on more residential, and Rob Schiffer is working on an exciting opportunity for an office to resi conversion, which he's going to walk you through now.

Robert Schiffer

Managing Director, SL Green Realty Corp.

Thank you, Meghann. Good morning. Rob Schiffer, Executive Vice President for Development. Unfortunately, the governor's housing proposal failed in Albany last spring. And in the meantime, New York City's housing crisis has only worsened. We need 300,000 new housing units today. And as population growth continues by 2030, we will need 560,000 housing units. In the face of this crisis, 421a, a generator of both market and affordable housing units was allowed to expire. And housing starts are at their lowest level in 13 years, down 62% from last year. The dearth of new supply has driven rents to peak levels.

Albany remains in a stalemate as issues of displacement and gentrification are weighed against this existential crisis, but a solution is in front of us. It's the outdated and largely vacant Class B and C office market in

Manhattan. This market is far underperforming the overall market, with availability at 20% and rents that are down 16% since the pandemic. Empty, obsolete office buildings in this market all face the same capital cost inflation, freeze and debt and equity capital markets and slow leasing demand. And for these buildings, capital infusion is uneconomical. So they remain empty and land in the hands of their lenders, decimating local retail and restaurants.

New York City needs to convert these buildings and add the potential 50,000 units that come with it and with benefits that go far beyond unit production. So, what are those benefits? Well, the concentration of these buildings around transit nodes means it's a low carbon footprint solution and with the re-use of existing steel and concrete structures, a solution that result in significant embodied carbon savings relative to new construction. Replacing empty offices in obsolete buildings with modernized structures, housing residents at full occupancy is a lifeline to retailers and restaurants reinvigorating struggling retail corridors. And most importantly, it creates housing quickly and without displacement.

So, why are there only a handful of conversions underway? Well, conversions are complicated. We've studied the buildings in our portfolio and we've encumbered the list of issues you see here. The buildings need to be taken down to their structural steel – sorry, there's the issues. Need to be taken down to the structural and foundation systems and then rebuilt as purpose-built multifamily buildings. We applaud the Mayor City [indiscernible] (02:36:02) initiatives, but conversions need more. They need a tax abatement program. And now we're going to unveil our next major development project, the conversion of 750 Third Avenue to residential use.

750 Third is my favorite project. It's the first transaction I worked on at SL Green in the spring of 2004, when we bought this building with 45 Lexington from TIAA-CREF. Moving before Albany, we were preparing the building to be the shining example for office to residential conversions that provided affordable housing. Yet another example of SLG leading the way and working as stewards of our city with elected officials to fashion policy. 750 Third is a pre-1961 Class B office building that we've slated for redevelopment since the pandemic. It's a great conversion opportunity because the entire building can be converted. It boasts perfect, efficient resi tower floors with lots of setbacks for terraces, but also has the challenge of a large and deep podium.

The building sits on the western edge of the vibrant Sutton Place residential neighborhood. Grayed out are the commercial buildings. All else are residential, consisting of walk-ups, townhouses, rental buildings, co-ops and condominiums and scores of well-known bars and restaurants. I mean, who hasn't spent the one-eyed night at Jamison's. As we just completed the redevelopment of one seven year old structure, we know this is a big lift and we need a talented team we can trust. As we learned at OVA, OMA and at 7 Dey, a strong team makes for efficient development. So we've brought back together partner firms that are leaders in conversion and added ARUP for their multi-disciplinary engineering approach.

This is the building as it sits today with only a handful of office tenants remaining in 2025. The challenge is to create legal light and air for units in the large podium floors. So ARUP devised a novel solution: Removal of the portion of the building on 3rd Ave above the existing office lobby, creating an outer court. This creates efficiency factors in the podium that average 70%, as well as creates opportunities for a rich, amenitization of the building.

We will build on the success of 7 Dey that Harry and Meghann described and load the building with best-in-class amenities. The tower floors will have sweeping views and highly efficient almost 85% layouts. The overall construction schedule is fast because this is a conversion and adaptive reuse, only 24 months to the first delivery of units and 29 months to full completion. You can see on this chart that unlike ground-up development where trades are sequenced to follow other trades as the building rises, in a conversion, multiple trades are working simultaneous and in the same spaces, which drives up risk and therefore cost.

As the numbers show, for a midtown office building with a higher embedded land value, even a full market conversion does not pencil. But we can create market housing here and affordable housing generating attractive returns with a full tax abatement, as was done over the last 20-plus years with the wildly successful 421-g and now expired 421-a programs.

A recently hired vice president of government affairs, Garrett Armwood and I are going to engage leaders and I are going to engage leaders at the City and the State level in the coming months to work to enact this critically needed legislation.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

Last one standing up here. Okay. So now I want to take you through our suburban portfolio. As many of you know, we hold a $185-million judgment against H&A and in the background, we've started seizing assets to collect on that judgment. The Palisades Conference Center in Orange Town, New York, is the first asset that we have taken. The asset is in an incredible development site, perfect for residential, storage, data centers and film production situated on 106 acres right off 9W. We took over the site without any debt and we are negotiating a contract with a buyer and I would expect to see us sell this site in 2024.

The next site is Landmark Square. We elected to hold this asset when we sold off the balance of our suburban portfolio for a few reasons. It is located in the heart of downtown Stamford. Six of the seven office assets are well-positioned with 86% occupancy and significant free cash flow. Additionally, we have long-term debt effects through 2027. And I mentioned six of the seven assets, but what about that last asset, that seventh? Well, like all of our assets you're hearing about today, we are hard at work mining value from this portfolio. That seventh building is nearly vacant and prime for resi development. And in fact, we just received approval from the City of Stamford to develop over 400 residential units at the location of that seventh building, which also happens to be in an opportunity zone.

We're in the process of capitalizing this project with third-party equity, and I hope to be able to reveal more next year.

Our final suburban position came about because one of our preferred lenders foreclosed on the Galleria Mall in downtown White Plains. They immediately came to us and asked us to help them reposition the mall and we in turn brought in The Capelli Organization, our partner and premiere developer in the area. Behind me you'll see a photo of the Ritz-Carlton White Plains, which The Capelli Organization developed across from the Galleria. In the past year, SLG and The Capelli Organization vacated the entire mall, and we are now in the process of rezoning the site to accommodate a 4-million-square-foot building with over 3,000 units. See some images by me.

The beauty of this project for us is we will continue to earn fees and [ph] outside (02:41:54) participation without any future investment.

Finally, everyone has had their favorite property today. I reserved that, I never used the word favorite, but special servicing is my favorite business line of SL Green. Mostly because we're really good at it.

Green Loan Services has established itself over the past 15 years as one of the premier, large, loan special services in the country. Led by [ph] Andrew Falk (02:42:21), our special servicing team utilizes our knowledge, sensibility and experience in asset management and loan structuring and vast Rolodex of lenders to grow this third party asset management business. Over the past three years, we've been appointed special servicer or asset manager on over $7 billion of loans. However, I believe we've just scratched the surface in terms of earnings potential for this business.

In the past month alone, we've been appointed special servicer on over $725 million of loans and we have another $1 billion in pipeline. Not to mention a few of the loans where we were appointed special servicer will be maturing in the next one to two years and will require that special servicing skill set from our company. Given our growing relationships and reputation in the space and the market dislocation, I would expect to outperform Matt's budget next year, and I will do a small, shameless plug here. If anyone needs any special servicing, I'll wait outside and trade business cards. With that, I'll pass it off to Marc.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

All right. Okay. So I think this is the last component of the assets that we started talking about 90 minutes ago. I mentioned at the outset that we're in the process now in December and by month-end will have moved certain of our assets to a new Alternative Strategies subsidiary to better illuminate the balance sheet and profitability of everything you just saw as opposed to this grouping of assets up here on the screen, which we're calling the Alternative Strategy portfolio.

And you can see here that these are assets that – what we've heard over time – the investor community, notwithstanding our view, the investor community perceives little in the way of contribution or equity in these assets. You know us, we look at every one of these as an opportunity to mine value, mine earnings, but, rather than sort of have that debate, if you will, what we're doing is we're grouping these assets together and we're actually putting them all within a subsidiary affiliate and they basically represent a small group of legacy assets that have above-average leverage within our portfolio. They generate little to no positive earnings and free cash flow at the moment.

So, there's a theme there and the majority of these alternative strategy assets have less than $10 million of book balance and in fact, 7 of the 10 in the aggregate have negative book value, as they currently sit on the book in the aggregate. And important to note all of the indebtedness associated with these assets up here is non-recourse because that's been a question and I think maybe a misunderstanding, and we wanted to make that clear just so that there's no misunderstanding about the impact of any grouping of assets, as it would have on all the other buckets of portfolio assets that we went through today.

So, we intend to continue in an attempt to maximize value of these assets through debt restructurings, through asset repositionings, just through creative mining of value that we do. And hopefully a lot of these will resolve favorably over a period of time, but will – for reporting purposes, Matt can expand on it more. Will have these sort of in one grouping and bucket of assets that will make it easier to track as we go forward.

So, now I think we are going to – that concludes the assets. That's everything – I think no stone unturned in the portfolio. Clearly, I hope one of the takeaways is there's something more to talk about than One Vanderbilt and One Madison. Even though we love talking about that, there's a lot of great assets with great upside. Every one of them has got a business plan, every one of them we're working hard on it. Everyone's going to contribute to our long-term success. And, here they are, I guess, in totality, 26 million square feet of core assets, 3.8 million square feet in the alternative bucket for 30 million square feet total throughout the city, concentrated in midtown. And, we'll be able to stand here a year from now and I'm sure compare ourselves to the benchmark we put up there. And hopefully we don't just meet those results, but we outperform them.

Now, I know this has become sort of a calling card for us at the end of the asset discussion, rolling it all up into an implied NAV, net asset value, what it means. So I'll take you quickly through that. We have here at the $40 closing price on Friday, an enterprise value associated, market enterprise value of $13.7 billion. First, we adjust to take out the alternative strategy assets at the debt amount. Again, we think there is contributory value in that bucket. But rather than have that debate, we take it out at book, or I should say, at the debt balance, and that gets us down to $12.5 billion of adjusted market enterprise value. Then we adjust off of that for all the assets that are other than Fee Simple Manhattan Office buildings.

So, we've got leased fees and leasehold interests, 711, 1185 one or two others that are in there at 5% cap on fee, and leasehold at 10% caps implied, which we think is a conservative way in this market to look at those interests. And High Street Retail, you saw the two assets Brett spoke of, I think they're sort of, Armani is a world-class asset, but we put it in at kind of a conservative 6% cap rate for this valuation. The Suburban portfolio we run out basically discounted cash flow. The SUMMIT, that's only reflective of the OpCo, the $250-million of value, not the bulk of the revenue, which comes through One Vanderbilt in the form of lease payments. But that's the OpCo projected revenue at a 13.5% discount and at 10 times multiple.

Development Properties are generally at cost except 711 – sorry, 750 residential redevelopment that Rob Schiffer talked about is in there at land value. One Vanderbilt is at FMV where we expect and hope to transact in 2024 and JV – additional sale of JV interests. We have two held-for-sale properties, 625 and 7-something – Matt you don't want to give it to me. 625 is the bulk of that held-for-sale. Debt and Preferred Equity portfolio is at 0.85 times book even though, you know, we think that portfolio is largely in good shape, you know, and that balance reflects the taking out, if you will, of 625 Madison.

And then we have some other assets which are valued in the way we valued them in the past, represents small amount of value. We get to $4.5 billion of Fee Simple Manhattan Office buildings which will generate $428 million of NOI at share, implies a cap rate at Friday's close, of 9.5%, almost a 10%-cap implied, and $385 a foot kind of below land value. If we sensitize those results up on the right, we show a 6% cap rate, more normalized $78 a share, and $611 per square foot blended average across the whole portfolio. And then we stress it from there for those that are using higher cap rates.

So, that is, you know, the way in which – not we look at the asset, this is kind of what's implied by the market. We have our own asset by asset rollup. We obviously feel very, very strong about, you know, where we are on an embedded value basis. I think this back-of-the-envelope, if you want to call it that, is very illuminating, at least to me. By taking out, you know, $3 million fee at the debt amount, we still are looking at numbers in the $70 to $80 range on implied stock value based on cap and price per foot.

So, that's it on net asset value. Now we're going to go and bring up the always lively Michael Williams and I think Rob's going to join him as well – and the somewhat lively Rob Schaeffer to come and talk about Summit. After that will wrap up with Casino and appreciate everyone hanging in there. This is going to be good. Michael?

Michael Williams

General Manager & Managing Director-SUMMIT, One Vanderbilt, SL Green Realty Corp.

Yes sir.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Take it away baby.

Michael Williams
General Manager & Managing Director-SUMMIT, One Vanderbilt, SL Green Realty Corp.

Thank you.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

All right.

[Video Presentation] (02:51:47-02:52:34)

Unverified Participant

Please welcome General Manager and Managing Director, SUMMIT, One Vanderbilt, Michael Williams.

Michael Williams
General Manager & Managing Director-SUMMIT, One Vanderbilt, SL Green Realty Corp.

But let's try that again. All right. Come on. How's everybody doing? Well, you guys, I can tell you right now, you would never work for me at SUMMIT with that sort of response.

Welcome. I have seen, but more importantly, heard so many different things when it comes to SUMMIT, especially when people take that first step on the TRANSCENDENCE, even a few obscenities here and now, but most of all, it's an emotional response. It's one that really it's – it comes up within you. It's something you can't even pretend that you can't have. It's a smile. It's a sense of awe. And that's what every single person that comes to SUMMIT takes away.

I'm Michael Williams, the general manager and the managing director of SUMMIT, One Vanderbilt, the one-of-a-kind global sensation of SUMMIT right here, located in the greatest city in the world. And yes, I may be biased, maybe, but you don't have to take my word for it. Just like you saw in the video a moment ago, you can ask Miss America, you can ask Black Pink, you can ask Monday Night Football – how about FIFA unveiling the World Championship Trophy for the Women's League here at SUMMIT. Out of everywhere else in the world to do that here.

This is what it speaks to. It speaks to everybody from the Morning Show, and what you see [indiscernible] (02:53:47) or even the bassist for Metallica, Robert Trujillo. All of them had one thing in common. They all love SUMMIT and they also want to be seen here.

It's not just about celebrities. It's not just about sports stars. Really, truly, it's about our guests, the people that come through our doors from all over the world every single day and at this point, it's closing in on 4 million people in a relatively short amount of time. From all over the globe we have people that come to SUMMIT and leave becoming one of our ambassadors, evangelizing what we do every single day and just what it is, it's different.

Everyone who comes through our doors is given an opportunity to tell their story, to take their private journey, their personal journey, and make it their own and that is really what separates us from everybody else, because we're not just a tall building with a great view. We are a truly unique personal experience that we allow you to take away with it and make it however you want.

We have seen more than 90% sell-through, [ph] hope I can (02:54:44) go back, see more than 90% sell-through of people coming through with 60% of our operating days, but more broadly, here's New Yorkers who are not impressed by much. We have 40 repeat customers from New York every day. Nowhere else in the city. If you're a New Yorker, can you say you're going back to the landmarks or destinations every time throughout the week? Pretty amazing. When you stop and think about this, I mentioned closing in on 4 million people. It's pretty – it's spectacular is a really probably good work. That's what we're doing and we're going to continue to get better.

Most innovative Travelers' Choice, most Instagrammable location, Best Designs. They all tell one thing and one thing over. SUMMIT is in demand. Those industry awards, those accolades speak volumes. But again, it's our guests that come through that ultimately tell the best story.

With a year-over-year percent increase in our global media placements, a 36% increase in celebrity influencer visits, which, by the way, we don't pay for any of them. Other places pay to have these folks come in, we don't pay a dime. There's 25% traffic to sale conversion on our website. And what does this all add up to? Over 32 billion impressions worldwide with people that were actually talking about SUMMIT. Mentioning SUMMIT.

When we have an experience like SUMMIT, a it's not up for us to basically tell you what it's going to be. The people that come through give us some of the most incredible content on their own. They created unique, personal, authentic. In today's environment, where post and likes are like currency, someone is definitely a buy-now opportunity. When you look at the growth year-over-year, a 26% increase in Instagram followers alone. The trajectory, the hockey stick is more like a rocket ship taking off.

You can't have a great experience without a great team. When you think about what we've done at SUMMIT, we have a 95% retention rate for our employees. We hire the best, we keep the best, and we work through to make sure that we have them and give them opportunities for growth within the organization. We only have a 5% turnover rate. People get here and they want to stay. It's not just about the experience. They are part of the experience. That's what separates us again. All of these things speak to the fact that we are different than everyone else.

And how do you do that? You do it through training. It's the foundation of what we believe here. It's what helps us continue to deliver the best experience and class around the world. Our new hires get 80 hours of training every day when they come onboard and 180 – 130 hours for new – for current employees, team members. Reinvesting. Currently working through them over and over to make sure that they know how to deliver the best experience for our guests as they come through the doors.

Someone asked me one time, what brand is. My response was, it's one part expression, but two parts experience. That speaks directly to what SUMMIT's all about. You can tell people what you want your brand to be, but until they experience it for themselves, till they know exactly what that interaction – what that engagement is, where they can take it away and make it their own, that's truly, again, what speaks to what we do on the marketing side. Authentic, genuine, really right to the point of telling our story.

And whether it's doing something here in New York or doing something in Tokyo, doing something UK, doing something in Paris, each of these speak to our audience and speak to our market in a message which is different. Come to SUMMIT. We allow you to basically tell your own story.

So, this is a great quote. Got some baseball fans here probably. Yesterday's home runs don't win today's games. Why is that important? Because we don't rest on laurels here. We're not complacent at all and we're always looking for opportunities to do new things. Continue to strive to drive revenue, to drive growth. And we're excited to share some of those things with you today.

So, we are constantly approached about opportunities by people, individuals, large global brands to do events at SUMMIT. And one of the things that you have a problem with when you're sold out 90% of the time is you can't do it. Well, I'm here to tell you today that we've changed that. Introducing SUMMIT Events. As you heard Steve Durels talked about earlier, there was one space, one space only left to One Vanderbilt. Well, I'm here to tell you, Rob?

Robert Schiffer
Managing Director, SL Green Realty Corp.

Now 100% leased.

Michael Williams
General Manager & Managing Director-SUMMIT, One Vanderbilt, SL Green Realty Corp.

100% leased. So SUMMIT is going to be introducing SUMMIT Events in a space also within One Vanderbilt. And the same thing that we did with SUMMIT, we're going to be there with SUMMIT Events. We will take that space and deliver a unique personal experience unlike anyone else in the city. We will now set the bar at what event space is supposed to be moving forward, and everyone else will be catching up. From seated dining overlooking the New York skyline, to cocktails and hors d'oeuvres, or can you only imagine, how about a private dining experience with none other than Michelin Star Chef Daniel Boulud himself?

All of these – take what we've done on the SUMMIT side from the experience and applying that same mentality, that same approach to what we're going to be doing on the Events side, and you have definitely a formula for success. Rob, can you come out and talk how that's going to translate?

Robert Schiffer
Managing Director, SL Green Realty Corp.

Sure. Thank you, Michael.

Michael Williams
General Manager & Managing Director-SUMMIT, One Vanderbilt, SL Green Realty Corp.

Yeah.

Robert Schiffer
Managing Director, SL Green Realty Corp.

Not a hard act to follow. In 2019, I told Marc, at the observatory at the top of One Vanderbilt, not yet named SUMMIT, which stabilized with attendance of 2.1 million people. While we're proud to say we hit that mark a full year earlier than projected, we'll continue to impose our self-imposed hourly capacity cap and continue to deliver an experience with net promoter scores that are off the charts.

Note that in 2023 we took ASCENT service and shifted some of that experience inventory. As we look forward – sorry, I didn't realize. As we look forward with our stabilized attendance of around 2.1 million people, we're going to look to drive meaningful revenue increases through a three-pronged strategy. First is to optimize ticket pricing largely by a clear identification of peak versus non-peak timeslots using data that's available to us through proprietary and public sources.

Second, amidst projected 2024 tourism numbers, they'll be the highest ever on record, reallocating marketing dollars previously slated for awareness campaigns into conversion campaigns. We're already on everyone's to-do list. Now we just have to make sure they don't spend their entire trip at Caesar's Time Square and save a couple of hours for us.

Finally, our third party vendors on both the revenue and expense side have been valuable partners. But as we are doing across the portfolio, we need each vendor to increase their efficiency to drive further revenue growth and ultimately EBITDAR growth. As we look out towards the future, if we execute on this plan, we see EBITDAR growing as much as 5% per annum to as high as $70 million to $80 million a year.

Last year, we introduced SUMMIT Global and added as a 2023 goal the announcement of a SUMMIT global location. We spent the entire year focused on this effort. And so to answer the question Marc asks me at least once a day, why is this taking so long? Well, we want to ensure that the first SUMMIT of what we know will be many summits across the globe is as much of a success as SUMMIT One Vanderbilt. We're doing a lot of due diligence on potential target sites to ensure they have the canvas for Kenzo's one of a kind masterpiece, as well as the bones and infrastructure to deliver on experience.

As we've narrowed the choices down and begun to discuss economics, additional considerations have come to the fore. No single SUMMIT experience will be the same, and it seems no single SUMMIT deal structure will be the same. And so, we formed the holding company, SUMMIT Entertainment Ventures, SEV in partnership with Kenzo, and that partnership is already negotiating term sheets for not only future SUMMITs in our target cities, but also for management and consulting contracts in additional cities largely as a result of Michael and his team's operational excellence and those locations might become SUMMIT-managed operations.

What we've created here has a potential to be a sizeable business for SL Green and to illuminate how large a business this could be by 2030, let's look at each component. As I walked you through earlier, if we execute on our plan, SUMMIT One Vanderbilt will grow to a $70-million to $80-million EBITDAR building – business, before dilution from partner interest and excluding fees and promotes. The Event Space has the ability to generate EBITDAR of close to $500 per square foot. We anticipate that each SUMMIT global location will be at a minimum of a $15-million EBITDAR a year business, and our largest locations achieving close to $50 million. This upside case in each location are really just driven by the ticket pricing in those location-based entertainment markets in those cities.

So, the total potential EBITDAR of close to $200 million excludes these SUMMIT management agreements that I've just discussed, as well as other consulting services, that we know will be a regular source of income for us.

So, while we are hoping to be able to announce the location this year and yes, the year isn't quite over yet, Matt [indiscernible] (03:03:59) I'm getting a thumbs down, but I'm still holding out hope. And if 2023 doesn't happen, I'm making two locations by 2024 objective.

[Video Presentation] (03:04:14-03:05:38)

Unverified Participant

Please welcome Executive Vice President, Brett Herschenfeld.

Brett Herschenfeld

Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

Let's go. It's great to be back with you to review the work we've been doing to secure one of three coveted full-scale gaming licenses in New York. Today, I'll give you a sense of the timeline, the competitive landscape and why we feel the Time Square bowtie is we're a world-class gaming resort belongs.

Five years ago, when Marc and I originally scouted sites within our portfolio for a gaming destination, we anticipated the timeline concluding with the license award at the end of 2023, like, today. As you can see, the sales process is moving just a bit slower than we anticipated. No worries, Steve. No worries. But look, from the day the Dutch West India Company purchased Manhattan for $24 in 1626, to today, 400 years later, we've been waiting for a casino on this great island. What's another year past our projected timeline? And it's important that the state takes its time and get it right. But the clear takeaway for everybody here is, this is happening.

Look no further than Mayor Adams' announcement last week of a proposed Zoning Text Amendment to allow for the streamlined siting of a gaming facility in New York City. When the RFA was issued by the State, there was a lingering question as to how New York City proposals could conform to the State's required local land use approvals and still compete with other counties with drastically shorter zoning processes. But no more. We give credit to Mayor Adams; Chair of City Planning, Dan Garodnick; and City Council Speaker, Adrienne Adams for moving forward a city-wide Zoning Text Amendment that deems all applicants passing the local siting stage as compliant with local zoning.

It's further evidence of a city of yes, as Deputy Mayor, Maria Torres-Springer declared earlier, removing red tape and facilitating the development and growth in New York City.

Important to note that non-conforming site-specific elements such as bulk, light, et cetera, will still be reviewed by the Community Advisory Committee in the zoning context during Stage 1, and that gives our proposal a 1515, which is in an existing building, a true zoning advantage.

Before sharing more, let's go back in time and make sure we all understand what is the decision in front of the state today? In 2013, New York voters approved seven Class 3 gaming licenses in this state. The first four immediately awarded upstate, as you can see here on the middle screen, with the remaining three authorized for downstate in 2024. Downstate includes New York City, Westchester and Long Island. And for clarity, these are three new licenses incremental to the existing VLT parlours in Ozone Park and Yonkers. Those could continue to exist with three full-scale gaming facilities awarded elsewhere, giving the state the ability to generate revenue from five venues if they want it.

The decision in front of New York today is not whether casinos are good or bad or whether they should be here. We already voted and decided on that. The decision at hand is where do the three licenses belong? Where do they have the greatest positive impact in their community? And then, as a group of three licenses together, what is the largest revenue pool for New York State? So let's decide that together today.

There's only one way to do this, by filling out the SL Green Investor Day December Madness Casino Bracket. Let's zoom in on the bracket in map form for the overall competitive landscape. You see here everyone who at one time or another has proclaimed to be submitting a gaming bid. And while it's a wide open bid for the moment, we've tiered it the way we believe it will be perceived to be the most competitive bids. And we broke the competition into three locations in the Bronx and Yonkers, where MGM and Bally's will go head to head; in Queens and Long Island, where Steve Cohen and Hard Rock have a proposal on the parking lot next to Citi Field; Sands has a site surrounding the Nassau Coliseum and the existing Genting facility where there's VLT operations at Aqueduct Racetrack. And lastly on the far west side, where Related and Wynn will propose a venue on the Western railyards of Hudson Yards. And the home team right in the center of the global entertainment universe, Times Square.

Part one of our thesis for site selection is creating the largest consumer pie available to generate revenues and taxes. That should be pretty obvious, right? There's seven customer categories visiting gaming venues worldwide. Picture you're a tourist. You're in California, London, Japan, and you could take a trip anywhere in the world. A brand new Caesars Palace gaming and entertainment attraction opened in the center of Times Square. Will you check it out? Yep. Tourists will come to Manhattan for this. The same for incented gaming customers who are unlikely to bypass Las Vegas for far reaches of downstate New York. But they will take a special trip to spend their hard-earned gaming points in the beating heart of Manhattan.

We have 12 million business travelers coming to New York City every year and nearly all of those business dealings are in Manhattan, and they're unlikely to leave the island to game elsewhere.

High net worth local customers, the vast majority already live in Manhattan. And aside from the US Open and a ball game, they usually stay in Manhattan for their entertainment. Regional gaming customers and local consumers with means are the only gaming customers, which would frequent more disparate locations outside of Manhattan. But there is more to the local story. Our bid, who work closely with [ph] Alberoz (03:11:38) in New York City to make their local businesses within the Caesars Palace envelope, so that our success will drive incremental commerce everywhere and that cross marketing will draw locals from all over into Times Square for the world's greatest entertainment experience. So we get to count locals twice.

And lastly, look at the distance between the proposed venues. Two licenses within one zone will only create cannibalization and that does not grow the consumer pie. The clear conclusion is this: One license per zone, but in all cases, one for sure in Manhattan. And in Manhattan there are two competitive bids, but we see only one winner, the home team, and let me tell you why. Presenting the crown jewel – presenting the jewel in the crown of Times Square.

Part II of our thesis is, which proposal in Manhattan represents the most authentic New York bid, what does it mean to have the privilege to develop this use in New York City? It means you do it the time-tested way. It includes best in class ownership, SL Green, Caesars Entertainment, who already pays in excess of $100 million a year in sports gaming taxes in New York State and Roc Nation, founded by JAY-Z, who means more to New York and its demonstration of hard work paying off than anyone we can think of. It means representing the full diversity of this great city, and the benefits we create, the support that we have built and in our ownership. It means densification so that hardworking businesses and neighbors surrounding our project rise together as one. There's no denser commercial area than Times Square.

Our proposal purposely creates more demand than it can create for hotel rooms, meals and entertainment, creating a halo effect that will bring billions in economic impact beyond our four walls. And Caesars will allow its gaming rewards program, which is the largest in the world, to be used as currency at third-party businesses in New York. The first time this has ever occurred and further testament to our commitment to uplift our community. It means building around transportation hubs and with 11 subway lines in its proximity to Penn Station, Grand Central and Port Authority, there is no other casino bid that comes within the same ballpark as Times Square and its accessibility to mass transit. It means sustainable development. Our bid represents the only adaptive reuse proposal, avoiding the creation of significant carbon footprint inherent in new construction. Guess what? All other bids besides ours are new construction.

This will be the world's greatest entertainment attraction, but not just our venue, all of Times Square will be the attraction, and that is why Caesars Palace Times Square is the only authentic New York casino proposal. As a testament to that, we're the only bid that has the exclusive support of neighboring businesses. Here's the coalition support list we showed you last year, 29 supporters. And here's the list of supporters which now stands strong with Caesars Palace Times Square, a list of 78 and growing every single day. These are hotels, restaurants, retailers and unions, landlords as well. And to give you perspective, when is the last time a developer said I'm bringing a new hotel, and other hotels next door said, yes, please come. They recognize the uplift this project will have on their businesses.

I'd like you to hear further from Jeff García. When Jeff joined the support for our project, he was the President of the Latino Restaurant, Bar & Lounge Association. Last month, Mayor Adams appointed Jeff as the city's new Executive Director of NightLife.

[Video Presentation] (03:15:39-03:16:54)

I know you're already sold on the license award now. But why not check out some images of where you will be rolling crafts a few years from today. Program includes a new Broadway theater; digital interactive art installation; gaming space; restaurants; sportsbook; the World Series of Poker, which Caesars owns, will take place at Caesars Palace Times Square. The 40/40 Club in Roc [indiscernible] (03:17:17) lounge, spa and wellness, hotel rooms, sky villas and more. Brand new three-dimensional signage, no gaming on the ground floor. Keep Times Square for families too. Broadway theater entrance and Roc Nation artists, the next generation of entertainment in Times Square.

Here is the ground level and plan, the theater, gaming and hotel entrances. Now we're entering the hotel. Check out this lobby, world-class design with New York authenticity. The first new Broadway theater in 40 years. Look how well a casino floor plan lays out. Minimal columns, tremendous ceiling height. A typical hotel room with six star finishes of the highest end. Our sky villa suites at the top of Caesars Palace Times Square. And the new skyline of New York City. Can you imagine experiencing New Year's Eve from the terraces atop Caesars Palace Times Square? I hope that taking you through this competitive analysis leads to the same conclusion as us. No other gaming proposal represents what it means to deliver world-class development projects in New York. This is investing in New York the New York way, and it's what we feel a gaming license selection process should value most. Thank you.

Unverified Participant

Ladies and gentlemen, here he comes, the young Italian. One hole left in a two shot lead. The pressure must be monumental for DiLiberto. Good thing he spent the last 10 years in a golf simulator. He was born for this moment. Ladies and gentlemen, Matt DiLiberto.

Matthew J. DiLiberto

Chief Financial Officer, SL Green Realty Corp.

Thanks, [ph] Brett (03:19:11). Wow. Taken some shots today, which are actually pretty funny, because for those who know me, everybody here knows me reasonably well, I don't play golf. I've been out with a few people in the room and never been invited back. I'm on, like, the groundskeepers' most wanted list, like, they repair courses for weeks after I go. So, I do appreciate that we have a lot of golf amenities in the portfolio now, but [indiscernible] (03:19:38) can help make my swing, which is better suited for chopping wood than golf. And it is also interesting, kind of bold people going to take shots, it's – I'll talk about G&A, focus on cutting G&A, and they're going to take shots right around December, which happens to be comp time, too. So, we'll see how that plays out in the next couple of weeks.

In any case, beginning, as I typically do, with a brief discussion of liquidity and liability management. Consistent with our long-standing objective of maintaining at least $1 billion of liquidity at all times, we expect to end 2023 with about $1.1 billion, dispositions generated about $1.6 billion, including the nearly $600 million generated by this watershed announcement this morning, 625 Madison Avenue, generated a lot of cash flow for us since our initial acquisition and now we part with it at over $1,100 a square foot. These dispositions coupled with the almost $600 million we received from our partners at One Madison and over $226 million of FAD.

Where did that liquidity go? We maintained our all-cash dividend for the entire year and still paid down $1.2 billion of debt. We will have invested about $260 million into the DPE portfolio, including the preferred equity position we expect to put out at 625 Madison Avenue if that closes before the end of the year, and $350 million in [ph] redevelopment (03:21:02) projects, a $160 million of that is funded by in-place financing.

In 2024, we're going to increase liquidity closer to $1.2 billion while still paying a very healthy $3 dividend, all in cash, every month. Dispositions remain a liquidity source, $1.45 billion generated primarily by the sales of additional interest in One Vanderbilt and 245 Park along with condo sales from 760 Madison that we expect to start closing late in third and early fourth quarter.

On the uses side, we still remain focused on liability management, $1.1 billion of debt reduction expected in 2024. We continue forward with our development projects, completing 760 Madison and One Madison and getting the project at 245 Park in full swing. $100 million of this $300 million will be funded by in-place financing.

On debt reduction, take a look back to where we were one year ago, almost $12 billion of combined debt, which is a peak for us, driven in higher in the second half of the year by the acquisition of 245 Park at 100% and 32% of 5 times. In just 12 months, we will have brought that debt down to about $10.5 billion including a $439 million reduction in unsecured debt. Now we back out the $1.2 billion of nonrecourse property-level debt on the alternative strategy portfolio gives us a much more representative of core combined debt of just $9.3 billion.

In 2024, our objective is to reduce that, closer to $8 billion, putting us in a very, very comfortable leverage position, allowing us to pivot from the more defensive posture we've been in for the last year or so to be more on offense. Also worth noting, as part of that debt reduction plan over the last couple of years, our unsecured debt will be reduced around $1.7 billion from the peak of $2.7 billion in the first quarter of 2022. That compares with an unencumbered asset value conservatively, $3.5 billion to $4 billion. So, well-covered.

All the effort we put into reduce debt, refinance and extend maturities puts us in a very comfortable position heading into next year. Debt maturity is the special when you back out those alternative strategy assets, leaving just $200 million of corporate unsecured term loan to deal with next year. We are already in discussions to extend that out on comparable terms, pay down maybe a $50 million to $100 million. After giving consideration to this and all that was conveyed earlier in the asset-level discussion about the activity over the course of 2024, we expect to have very few maturities to deal with as a company until 2027.

Another component of the liability management strategy, mitigating our exposure to interest rates. Rates remained stubbornly high, but we stand firm in our efforts to manage floating rate debt even those rates are supposed to come down. We use derivatives, caps, some pretty innovative swaps, and they're generally through the term of the hedged debt. As a result of this effort, the only floating rate debt that we have in the core portfolio other than a small piece of 15 Beekman is our revolving credit facility. That's it. That's tough to hedge because the balance fluctuates. So, we hedge it by through our floating rate DPE investments and by maintaining a balance as close to zero as possible. With that limited exposure of the forward SOFR curve, where it's a move by 100 basis points in 2024, the grand total impact, $5 million. So, we feel we are very, very well hedged against the movement in rates, and that's just the cost on the revolver and any replacement caps next year.

Finally, concluding with this section, not entirely, a quick look at our credit facility fixed charge covenant, a topic of conversation, rather boring conversation, but everybody's like to talk about it. So, I said, why don't we just put this out there? These are the components of it, done on a consolidated basis at the end of each quarter on a trailing 12-month basis. And these are the outputs of that over the last few years against the SOFR curve. Not surprisingly perfect inverse correlation between the two. Also important to note certain events that reflected that metric over time, but it's a trailing 12-month calculation. So, those positives and negatives take time to work their way through the calculation.

So, you see the effect of 245 Park, the acquisition took some time with rates to drive that covenants, the lows we saw in 2023, but the sale of 50 percentage within that asset, additional sales next year, increased consolidated EBITDA, mitigating rates, all have a materially positive effect such that we'd expect to end next year at a very comfortable 1.81 times. That is a 1.4 times covenant. Now, let's again flex the SOFR curve up and down, see how well hedged we are. Again, this is consolidated metrics, still comfortably ahead of the threshold even in the downside scenario.

Moving now to earnings guidance. My legal language may include some non-GAAP financial measures. So, you should look to our SEC filings, including the 8-K filed this morning, for comparable GAAP financial measures and required reconciliations.

All right. Recapping where we stand for 2023, we definitely benefited from being nimble and flexible this year. And if I laid out all the variances since December last year, I'd probably need 50 more screens and several more hours. But, at the end of the day, we expect to end up on a normalized basis after normalizing for onetime charges and even after deferring the sale of an additional interest in One Vanderbilt till next year, we expect to be at $5.46 as against the $5.45 midpoint that we put out last year. Immense credit to the very, very small team that manages our projections. They sit right inside of my office, only four, five people, we will get earnings, covenants and metrics every day. So, thanks for those guys.

Moving on to 2024, with liquidity continuing to be a primary focus, we expect to remain paused on our share repurchase program. There's just about $100 million left in the $3.5 billion program. But we saw earlier embedded NAV discount very persistent. So, we look forward to being back in the market buying our stock with incremental sources of liquidity.

In the real estate portfolio, GAAP NOI of about $729 million is down from 2023, reflecting asset sales and occupancy that drifted lower in the back half of – in 2023 and recovered more slowly in the back half of 2023 than we expected. I'll also give another shout out to Meghann Gill and all of the property managers. Their cost containment on the operating expense side is second to none, best in the business.

Now, we've diversified our income stream over the years, but Manhattan office still is the bulk of our profitability. Next year, One Vanderbilt's cash NOI continues to increase as it approaches stabilization. Almost all tenants in place paying cash rent in 2024. That has a positive effect on cash NOI, not as much on GAAP, because much of that has been straight-lined in already. Cash and GAAP NOI benefit from the Bloomberg lease at 919 Third Avenue we signed back in November of 2021. And we expect to make significant headway in leasing up the same-store portfolio, which has some benefit in 2024, but is more impactful in 2025 and beyond.

Offsetting the positives, larger lease expirations where tenants are leaving or renewed on most but not all of their space. Some of the bigger ones, 100,000 feet at 280 Park with Cohen & Steers, they expire at the end of January. 50% of their space has been leased, but revenue recognition won't begin on that until January of 2025. CBS at 555 West 57th Street renewed on two-thirds of their space, but 137,000 square feet will vacate at the end of this year. We're in the market to re-lease that. And at 100 Park, Wells Fargo and BDO will be vacating a combined 200,000 feet. 42% of that has already been leased by AlphaSights. Remainder of that is also part of our 2024 leasing plan. At our share, the GAAP NOI from just those three properties next year is expected to be down by about $30 million.

In the development and redevelopment portfolio, comprised of just two properties for my classification purposes, One Madison revenue recognition begins next year, but it is fairly muted late in the year because it's triggered by tenants moving into their space. It's only about $2 million of GAAP NOI at our share next year, while cash NOI remains negative as tenants are in their free rent period.

In the high street retail portfolio, this is the contribution you see next year from Armani. We will start recognizing revenue on the Armani space in May. Then the last component to the portfolio, the suburban and residential assets, where you see NOI from Landmark Square and White Plains that Harrison talked about; and residential NOI highlighted by 7 Dey Street and a full-year of NOI from 15 Beekman. Now, we layer in just to round out the NOI picture, the NOI contribution from the alternative strategy portfolio, worth reminding people again, that cash NOI does not cover the debt service.

In the same-store portfolio, couple of additions, 885 Third Avenue, the retained office condo, and the 450 Park JV interest come in, while we'll remove 21 E 66th Street, which is under contract for sale and we expect to close in December and any of the alternative strategy portfolio assets that were in same-store come out. All told, they actually don't impact same-store positively or negatively, but we are taking them out of the same-store pool. They will be reported separately in a separate subsidiary.

And coming off a very strong year in 2023, same-store cash NOI in 2023 between 5.5% and 6%, or that's about 250 basis points over the upper end of our range, makes for a tougher comp here next year. So, we do get benefits from 919 Third and 450 Park as well as One Vanderbilt, but the lease expirations that I talked about earlier have effect as well as higher expense reimbursements in 2023 than 2024 along which is that higher comp.

We've strategically reduced our debt and preferred equity portfolio over several years, but assuming we close that 625 Madison Avenue deal in December, we expect to end this year with roughly the same portfolio balance as last year. Next year, our focus will be on launching the $1 billion fund that Marc talked about, we will invest at least $50 million into that fund, consistent with that goal to be back on offence, taking advantage of the market opportunities we expect to see next year and beyond.

In other income, we continue to focus on growing high-quality ancillary income streams complementary to our real estate investments, and next year we hope to maintain that with the trajectory of over $84 million of other income, including third-party management, leasing, construction and financing fees paid to us primarily by our joint venture partners. $12 million of fee income from the sales of additional interest in One Vanderbilt. The special servicing business that Harrison touched on, growing $7 million in 2024, projected up from $5 million in 2023. I bet Harrison will beat that. Lease termination income of $13 million, more than half of which has already been specifically identified. And round out by the SUMMIT operator, Michael doing a spectacular job, generating net profit of over $17 million. That's extraordinary growth. They've only been open two years.

All right. Interest expense, reducing debt dramatically and maintaining the hedging strategy we do has definitely benefited us in interest expense. Forward curve coming down next year will also benefit. Those factors in interest expense are offset in large part by capitalization coming down – I'll touch on that in a second – resulting in GAAP interest expense year-over-year that is roughly flat.

Now, because there are many components to GAAP interest expense, we look at the models, we see there are sometimes some complications in doing it. We lay out the components of it here. Not surprisingly, cash interest expense, biggest component, coming down dramatically as a result of the pay-down of the debt through our asset sale proceeds. And there is the offset through capitalized interest. Again, I'll touch on that in a second.

You also see a component here, it isn't a large component, but [ph] is often a mist (03:32:53), hedge amortization, which is the cost – the up-front cost of caps that have to run through interest expense over the term of that cap. Swaps don't have a similar situation because they actually are factored into the rate. All right. Add to interest expense – this is just for presentation purposes, not consistent with the income statement necessarily – preferred dividends, amortization of deferred financing costs, which is the fees we pay up front to execute on all of our financings.

Now, others earlier had their favorite buildings and their favorite projects. I mean, capitalized interest, clearly my favorite topic [ph] in GAAP (03:33:27). I spent 99% of my day trying to explain it to people. Here it is laid out for 2024 increasing occupancy, particularly at 760 Madison, that has an effect. One Madison, we received $577 million from our partners. Prior to receiving that, we were capitalizing interest on that $577 million. Now that we have it, we can't do that anymore. That occupancy there is also taking up towards the end of the year, but fairly muted effect. And we're selling 625 Madison, which was a capitalizable development property previously.

In G&A, we see a huge movement lower, level not seen in over 12 years, just $81.5 million, and that is a full 16% below the 10-year average of over $97 million. And based on people's comments earlier, maybe we can take it down a little further. These savings are significant. The decisions that drive them can be difficult. We looked at every expense under microscope and particularly made cuts in executive compensation and professional fees. This does include the recently announced change in our public accounting firm after 26 years. And because we do have some representatives from the EY team here in the room, I do want to thank them and all the teams that they've had with us for 26 years for all their service. We all greatly appreciate it.

So, now we bring together all the components of 2024 FFO. As Marc said earlier, we are turning the corner and I'm going to add one more component for good measure, gains on discounted debt extinguishment. This is an opportunity for us to take out debt, existing debt, at prices substantially below par. I think $20 million is light. I think we have path to do a lot more. And I wouldn't be surprised if somebody has set the bar a little higher than that for us later on.

Using a $5.05 midpoint, keeping the range relatively wide given a lot of execution, 2024 FFO guidance range, $4.90 to $5.20. And finally, roll down to FAD, significant reductions in executive compensation and straight-line rent. Second cycle capital, still fairly high, but the base building, it's a credit to Bob DeWitt, we said earlier, base building component of that, very low relative to the size of our portfolio, only $28 million of that number. The rest is related to all the leasing that we've done last year – or sorry – this past year and we expect to do next.

That's my portion. I would now like to welcome our visionary Tax Director, Laura Jackson, who works tirelessly with her team to design and execute some very complex and innovative tax strategies to discuss our dividend in more detail.

Laura Jackson

Senior Vice President-Tax Director, SL Green Realty Corp.

Thanks, Matt. I'm delighted to be presenting again this year. For any new investors who may not know me, I run our strong but lean all-women tax group here at SL Green. For those I met last year in my debut year at SL Green, it's been a year beyond my expectations working with this leadership team, and yes jokes about Matt never get old here. Since last we met and while we're always keeping our eyes on all things REIT intact, our Tax Manager, Kaitlyn, founded the inaugural stair climb here at One Vanderbilt, raising money for the FDNY, and I was back in the Bronx with my She Builds Committee, attracting over a 100 volunteers to transform the Claremont Community. Today, I'm covering the part you've all been waiting for, how our portfolio and projected financials impact you as shareholders. It's dividend time.

As 2023 progressed, our tax department worked tirelessly to align 2023 taxable income with our annual dividend of $3.25 per share to eliminate the need for special dividend. For 2024, we use the positive cash flow generated by our strong portfolio of assets to distribute taxable income to shareholders without the need for a special dividend. As they say, not all here [indiscernible] (03:37:20). As we announced in our press release this morning, we've established our 2024 annual cash dividend at $3 a share, a positive outcome reflecting our strong business plan designed to distribute taxable income while retaining cash flow in a challenging but improving New York City office market. The dividend will continue to be paid monthly. Our monthly dividend cadence is a better cash management strategy as opposed to quarterly payments and is reflective of positive feedback we received from our diversified shareholder base. The 2024 dividend aligns with our current business plan, representing approximately 91% distribution of FAD, 59% distribution of FFO and 100% distribution of taxable income.

As a refresher from last year, let's walk through the correlation between FAD and REIT taxable income. By law, REITs must distribute 90% of taxable income, but practically, REITs redistribute 100% as otherwise they will be subject to 10% of tax. And I'm here to make sure we don't overpay taxes. To get to taxable income from FAD, we make adjustments for tax depreciation and tangible property deductions, we adjust for our tax entity structure, differences between capitalization between GAAP and tax, and lastly, for capital gains and losses generated by assets sold.

So, how does our dividend yield stack up against our central business district office REIT peer set? Factoring in our new dividend at $3 per share, our 7.5% dividend yield is one of the highest in the peer group, [ph] equivocal result (03:38:54), which is continuously the impact of having an undervalued underpriced stock while maintaining a high sustainable cash dividend for our shareholders.

And now, I would like to turn it back over to Matt.

Matthew J. DiLiberto

Chief Financial Officer, SL Green Realty Corp.

Thank you, Laura. Now, I have the distinct pleasure to welcome up for one last investor conference, I know he is going to miss [ph] grind (03:39:21) terribly, a man who has helped shape the success of SL Green for the last 25 years, whose silent assassin like deal making skills are legendary in the New York City market, a man who seemingly moonlights as part of the coaching staff of the Brooklyn Nets and who is rumored to have forced Taylor Swift to settle for Travis Kelce because he is not available, most of all, a guy who looks like this today, but for those of us who go back to the very early days, we may remember, that guy, my friend, a mentor and the outgoing President of SL Green, Mr. Andrew Mathias.

Andrew W. Mathias
President & Director, SL Green Realty Corp.

[indiscernible] (03:40:08). What did you do to me, Marc?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

[indiscernible] (03:40:18)

Andrew W. Mathias
President & Director, SL Green Realty Corp.

No, but that's a lot of hairline loss over those years. Thank you, everybody. Welcome, and hope you enjoy today's presentation. It's a bittersweet for me, but thrilled to still be part of the company as board member and advisor and I'm definitely available for future investor conferences at a very reasonable rate.

Just my part today, looking at 2023, the scorecard, I think this year was incredibly challenging, probably one of the most challenging in my tenure here. We set the goals very lofty and very proud of what the team was able to accomplish in an environment where Jerome Powell started really loving the microphone and it was the triple threat of interest rates and New York City real estate and the recovering effects of COVID and a national real estate environment, which presented enormous challenges on the liability side as well. So, very proud of what we were able to accomplish on these stretch poles.

So, walking through leasing, 1.8 million square feet – Steve Durels corrects me – done to-date. So, very proud of that accomplishment in a tough environment for leasing. Same-store occupancy, we missed a bit because a lot of that leasing took place in non-same-store assets. The team took you through a lot of the same-store portfolio today and our strategy is to pick up leasing in those assets. And mark-to-market returned to positive this year, a very positive sign for the market, for our leasing in general, spent a bit too long in the negative column, it was great to get it back into green numbers.

Investments group, we scrapped restarting the share buyback in favor of liability reduction. Matt showed you the enviable gains we made in that area. Acquisitions, we met our modest goal of $200 million. We exceeded it. Dispositions, delayed the JV sale of One Vanderbilt, and additional 25% sale of 245 Park. So, we still managed to achieve $1.6 billion of dispositions, by far the market leader, pretty much making the market in Manhattan this year.

DPE origination, we will exceed given the 625 Madison pref equity origination on that sale. That rate will be lower than our targeted rate because we chose to move [indiscernible] (03:43:17) in the capital structure there. The new investor, the purchasers making a very significant cash equity investment. So, we chose to plug more of a middle mezz slot there than our usual higher leverage DPE originations.

One Madison, Marc talked about the challenges in tech – in the market, tech on pause. That definitely impacted our leasing goals here. We have great activity right now and trading paper with several tenants, but missed our goal of more than 0.25 million square feet of leasing this year. TCO, Bob DeWitt and his team exceeded our expectations yet again, delivered the TCO ahead of an already aggressive schedule. And the building looks spectacular. You'll see it on the tour shortly.

760 Madison, again, construction team, great job, we turned over the retail space to Armani, no small feat, on time in the fourth quarter and we hit our goal right on the nose of selling 50% of the units there, 5 out of the 10 units are under contract. 245 Park Avenue, we shook the market this summer that didn't think it was possible to get any liquidity and announced our 50% sale of 245 Park. We held off on the balance, the additional 25% given the great leasing activity at that building and sort of finalizing our plans for the capital program there. 15 Beekman, we met our goal here, built this building, turned it over for a 30-year lease to Pace University. That's the third building we've delivered to them in our partnership.

And financial performance, same-store cash NOI growth, we blew away the 3% goal and 5.5% cash NOI growth that's through that expense management that Matt talked about. Debt reduction, given the deferral of the JVs on One Vanderbilt and 245 Park, we did not reach our $2.5 billion goal there, but still reduced debt by over $1 billion. And TRS, this has been a while we exceeded our 10% goal, blowing it away with 31% total return to our shareholders and beat the Dow Jones REIT Index by almost 20 times. The stock market rewarded us for solid dividend and the capital markets transactions we're able to achieve.

ESG, GRESB we feel moved the goalposts on us, as LEED has done in the past, and toughened up their requirements to try to reach that 90 score. And I'm told in a strange twist of fate, higher office occupancy, bodies in the office leads to more energy consumption, which negatively affects GRESB scores. So, we'll take the miss here and exchange for people back at their desks. And then, on the community side, Brett told to you about the downstate casino license, which was delayed hopefully till 2024, that's out of our hands, in the state's hands, but hopefully that process can get on a schedule and march towards award. SUMMIT blew away our attendance goal of 1.8 million with 2.1 million visitors this year. And Rob spoke to you about the second SUMMIT location why it was a bit delayed. I am sure we'll see that back up for next year.

So, with that review, let me bring Marc up to go through 2024's goals and objectives.

Marc Holliday

Chairman & Chief Executive Officer, SL Green Realty Corp.

Okay. Thank you. All right. So, before I begin, I just want to say, I think Matt gave you a great lead in and as did Laura, but Andrew and I began this journey, we signed on 25, 26 years ago, recruited by Steve Green, who is with us today here, our Founder and Chairman, John Alschuler, our Lead Independent, was there day one as well. On the beginning of that journey, we had an average age of 29 years old between us back then with an idea and ambition about building a big and great real estate company to enhance all that Steve had put together at that point. And one of the lasting legacies will be this company, an imprint Andrew's had in everything, you've seen up there today in one way, shape or form, a meaningful impact and also all the folks you see there in the group, I think one of the hallmarks of Green has been our ability to recruit and train, something Andrew and I take very seriously. We have got 300 of the best professionals in New York City led by this management team and we have also got quite an alumni network. Andrew had quite a birthday party the other day in Brooklyn. There is a lot of alumni and he said holy mackerel. So, I think we are going to have like an alumni party now, call it 25 year alumni, greedy alumni party, people gone out to do really great things. So, very satisfying and, look, we will miss him, for sure. So, Andrew, well done, and we all owe him a debt of gratitude.

All right. So, 2024, here's what we got. Leasing, this is what I like to lean into the most, really raised this by 2 million square feet for next year, couple of hundred thousand square feet higher. You saw those leasing goals on the buildup, they are robust. It's going to be a lot of work to attain, but I think our track record in meeting this is pretty good and I'm confident our ability to do that. That should translate into about 150 basis points of same-store improvement over and above the slight improvement we've had over the past two quarters. We're going to leg into that and hopefully be at around over 91.5% by next year. And in terms of office mark-to-market, it was I think somewhat positive this year in the scorecard, Matt. So, I want to push further into that mark-to-market, a lot of deals, may not all meet the positive zone, but we've got some big deals we're working on that will and on average we think it will wash into a much more positive zone, particularly aided by the leasing we're going to be doing in our East Midtown portfolio.

On the investments front, I talked about New York City Opportunity Fund. Matt called it a DPE fund. I think there will be a lot of DPE within that fund, but there'll also be allocation for opportunistic. We've been out speaking with folks domestically, Middle East and Asia. We feel like we have an ability to get this done, get it done in the first half of the year, and we're sizing it about a $1 billion, which is not to mean that's the dimension of opportunity, that's just where we want to peg the first fund. In terms of deployment, we hope to deploy out of that fund in the first – second half of the year about a $150 million. And the dispositions, you saw I guess Matt's buildup, it should tie roughly equally to almost $1.5 billion of dispositions, primarily driven by 245 Park and this incremental sale here at OVA.

Development, One Madison, percent leased, we want to get that to 75% leased by end of year and as part and parcel doing that, hopefully, that will be the trigger we need to then go out and refinance and mini perm out the debt we have on One Madison. 760 Madison, it's a great project. We hope to be 100% sold and closed by the end of next year. 245 Park is part of the disposition program. So, an additional 25% interest which will benefit from the leases we did this year with EQT, Stonepeak, others that are in dialogue. 750 Third, we want to launch the residential conversion, which really is probably a multipronged thing of getting the tenancy lined up, getting the initially the conversion incentives lined up in Albany and passed as part of the budget and commencing construction – or demolition, I should say, more accurately.

Community, downstate casino licensing, Brett did a great job...

[Technical Difficulty] (03:52:37-03:57:31)

Operator: Ladies and gentlemen, please stand by, your conference will resume momentarily. Again, please stand by.

[Technical Difficulty] (03:57:38-04:00:19)

Operator: Ladies and gentlemen, please stand by. Your conference will resume momentarily. Again, please stand by.

[Technical Difficulty] (04:00:28-04:00:37)

QUESTION AND ANSWER SECTION

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

...it's trying to make extrapolations instead of doing the fundamental work on these 31 core assets and coming up with individual valuations.

Q

Okay. The next question is for Steve. You mentioned the Westside being the toughest of your portfolio of sub markets and yet Sixth Avenue is often viewed as a really strong healthy sub market. So, just sort of curious, if you could talk a little bit more about the comments about the Westside being your toughest and yet Sixth Avenue was one of the...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

We'll answer that. I just want to – we don't want to do earnings call right now. Let's answer it, but these are really – I just want to hit a few questions if we could that are – we're going to have the earnings call in January, and we can do over all the leasing stats and everything else. But I just want to make sure everyone has a chance to ask quick questions about some of the new things they saw here today, et cetera. But with that said...

Steven M. Durels
Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

A

Well, in my commentary I acknowledged that two of the buildings in our Westside portfolio are on Sixth Avenue, and Sixth Avenue is one of the better sub markets. And we're seeing a lot of proposal and lease activity in those two buildings; 1185 Sixth and 1350 Sixth. But then, when you look further west, like the BMW building off on 11th Avenue, that's where it gets more challenging, nontraditional tenants, harder to fill. So, when we get a vacancy over there, it takes a longer period of time. So, going to take a little more work to get that one back to full occupancy.

Q

On the op fund, does that have priority on acquisitions over on-balance sheet acquisitions?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Harry, why don't you to take that?

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.

A

Right now, the material focus of the fund is credit, though we do see a big opportunity to some equity within that fund as well. One of the big questions people want to know is whether they will have priority or exclusive. It certainly will have priority with respect to credit and will certainly leverage the investors or that fund for equity investments. But it certainly is not finished whether it will be priority or exclusive within that vehicle.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Giving priority/exclusivity at this moment in time for $1 billion of investment, which in most normalized years we would do between $1.5 billion to $3 billion of activity, it's a fairly – I don't call it modest because in today's $1 billion is a lot of capital – but it's a very discrete manageable amount that we would expect to deploy relatively prudently and profitably quickly if the market goes in the direction we think it's going to go. So, I don't think it'll be impairing in terms of like what we can do going forward except for a moment in time with regards to a discrete amount of capital. Steve?

Steve Sakwa
Analyst, Evercore ISI
Q

Hi. Steve Sakwa, Evercore. Matt, can you just clarify on the dispositions, is the $1.45 billion kind of your share or is that the gross number and then just maybe comment on kind of how you see the timing and kind of maybe a range of cap rates?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

Yeah. It's – I'll leave the second part of that to Harrison. The calculation is gross asset value at the share we're selling. So, if you sold 25%, just as a way of example, 25% of 245 Park at a $2 billion valuation, that's $500 million. That's the part of that calculation.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

So, it's pro rata. It's not gross.

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

Yeah.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

And the other piece, Harry?

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.
A

In terms of – cap rates was the question?

Steve Sakwa
Analyst, Evercore ISI
Q

[indiscernible] (04:04:07)?

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.
A

I'll answer the second piece first. Timing all the transactions that were on that board are things that we're in active dialogue. With respect to One Vanderbilt, as I think I noted, we're in term sheet negotiations with multiple groups and fairly advanced in that process. I would say, one of the three assets that's in that [ph] material west (04:04:31) is probably a second half, but the two big ones are in the first half and 245 Park will be a little bit based on where we see leasing and activity at the asset.

With respect to cap rates, every deal is going to be different, as Marc noted. I think we've printed the 245 Park cap rate and our expectation is that those premium assets trade in those types of levels, but an asset like 625 Madison has noted – doesn't have an NOI. So, hard to use that as benchmark for cap rates.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

But you saw we used – I am not sure, but we put a cap rate of 6% up on the screen, if that's what – if you're saying what's a representative cap rate we think leaning into 2024, that's we put up the 6% and then a range beyond that.

Steve Sakwa
Analyst, Evercore ISI
Q

That's helpful.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Okay. Next question. Just want to make sure we get the wings here, you know.

Anthony Paolone
Analyst, JPMorgan Securities LLC
Q

Thank you. Tony Paolone, JPMorgan. Two quick ones. One, on 625 Madison, what was the actual cash proceeds you got back and – yeah, what was the actual cash, did you get it already?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

Well, it hasn't closed yet, but it will be about $150 million.

Anthony Paolone
Analyst, JPMorgan Securities LLC
Q

Okay. And then, second question, quick one for you, Matt. We have to rebuild our models because the disclosure is going to change with ASP now?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

Not really. I know a lot of people, regrettably, you have to build off our GAAP financial statements, which are difficult to back into the numbers you actually need. All we're going to do is classify them separately for purposes of property tables, debt tables, things like that. It will be a consolidated as is model, you're just going to be able to pull those assets out separately and classify and quantify them separately.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Okay. Next question? And we'll move to the other side of the room.

Michael A. Griffin
Analyst, Citigroup
Q

Thanks. Michael Griffin with Citi. I wanted to go back to your comments on 245 Park and potential disposition you got there. Seems like the commentary around leasing has been pretty constructive. I guess, why not retain more upside in that building and not sell it if you think the leasing demand is going to be stronger there?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Well, I think by leasing it first, then JVing, we're doing just that, not too dissimilar from what we're in the process of doing at One Vanderbilt where we sold part of it up-front. I think it was like 30% or so. And then, we're now after fully leased selling upwards of another 11%-plus. So, there we wanted to put capitalization in place that we felt was a good, stable partner for us long term, and we did 49% of the deal if my recollection. Now we're getting a bunch of leasing done since the closing of that and then towards the second half of next year, hopefully, we'll make substantial inroads on leasing and then look to re-JV it again. But we'll do it at whatever the appropriate market price is reflective of, I think, the fact that more time has elapsed, more leasing has occurred and we'll probably have almost a year of development under our belt at that point. So, we would hope for a better market and better terms at that point.

But if the question is why at all, it's kind of what we do, we sort of create the value and then we look to as part of our asset-light program that I introduced here two years ago or...

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.
A

Last year.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

...last year, two years ago asset-light program in a market where we really can't access public markets for equity at levels we would find appropriate for the analysis I put up on the board, our source of equity predominantly is monetization partially of assets like a 245 Park that we can then redeploy into the next, next, next development projects. That's been our philosophy. Next question?

Floris van Dijkum
Analyst, Compass Point Research & Trading LLC
Q

Floris van Dijkum, Compass Point. A question on the ASP. Again, I know one of the things that people talk about is the low coverage ratio you guys have. And if I look, you have just reassured dividend, but your coverage ratio is still relatively low. What's the implication of the ASP on your interest coverage ratio going forward if that was excluded from the whole portfolio...?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

Not in the covenant. Those are all unconsolidated joint ventures [indiscernible] (04:08:58) small asset. So...

Floris van Dijkum
Analyst, Compass Point Research & Trading LLC
Q

Not from a covenant perspective, but from a reporting perspective, how much would that improve...?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

If strip them out, it will be positive to coverage. I don't know what the metric is, but those are assets what we've said they don't flow cash to us. So, definitionally, the coverage would improve. We have excluded them entirely. And there is no recourse on them. So...

Floris van Dijkum
Analyst, Compass Point Research & Trading LLC
Q

Fair enough. Second point was, potential tax implications, if you were to get rid of all of those, would that increase, would you take a gain or would that incur a loss? And how does that impact your taxable...?

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

If we were to dispose of all of those, I think the embedded is a tax gain. But that is Marc talked through what the strategy is. So, that's...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

Yeah. We're not getting rid of these...

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.
A

...not part of our taxable income strategy for 2024. Those assets are not in the $3 dividend calculation.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.
A

I wouldn't come away from today thinking we're getting rid of the assets. If that's – I mean, we're just trying to bucketize the assets into ways that I felt would better illuminate value of sub portfolios because I felt that there was too much of a perception of new assets and everything else. Maybe that perception is wrong, but you take your shot in these metrics to your best and hope you convey the right information. So, we bucketized everything into core assets, core as well as sub markets, resi, retail, suburbs, special and a grouping of assets we thought belong together because the symmetry there was above average leverage and very little in the way of contribution to cash flow earnings in the company. And there's no – we're not intending to disclose those assets. The question is I think will there be an embedded gain, I think the answer is yes. So, there would be an embedded gain, but I wouldn't expect that in 2024.

Any other – [indiscernible] (04:10:57) some questions here, no?

A

[indiscernible] (04:11:00).

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

We'll go through, we have an online here...

Matthew J. DiLiberto
Chief Financial Officer, SL Green Realty Corp.

A

Only if you ask one.

[indiscernible] (04:11:07)

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Well, we only have two. So. Well, Steve, why don't you read into the mic and answer the first one?

Steven M. Durels
Executive Vice President & Director-Leasing and Real Property, SL Green Realty Corp.

A

So, the first was, can we provide a little more color on the 1.25 million square foot of leases pending in negotiation, new versus renew, average size, mark-to-market? So, a 1.250 million is in the pipeline, 250,000 square feet of that are leases that are in negotiation. The balance of 1 million square feet are term sheets in negotiation. Notably, of the 1 million square feet of term sheets, 1,900 square feet of that are new tenant proposals as opposed to renewal deals that span the gamut of size – there's a good chunk of deals that are kind of 40,000 to 100,000 square feet each, but there are 45-plus different deals in that pipeline. A lot of financial services driven from the industry side and a little bit of a law firm as well. And then, mark-to-market, right now, if I close everything that was in the pipeline, we'd be modestly positive. And I think what you're going to see throughout the year, it's going to go up and down quarter-over-quarter, but as Marc said on our goal, we expect at the end of the year to be up a couple points.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Okay. The next one here is – Harry, you want to read this? And then [indiscernible] (04:12:42)...

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.

A

Sure. Several buildings seem to be in negotiations to extend debt maturities. Can you touch on how those conversations have evolved versus 6 to 12 months ago? I think I went asset-by-asset today in terms of the conversations that we're having and the extensions we've already gotten done. The reception is very positive. Vendors look at us as stewards of these assets. They have a lot of faith in us. They know that they're in the best possible hands that they can be with this management team and Steve leasing the assets.

So, it's the same thing we're seeing today that we're seeing 6 or 12 months ago, which is, they want us to own the assets, they don't want to do anything other than work with us to get extensions done and give us plenty of term to feel comfortable that we can invest in these assets, lease these assets and have a long-standing run at making these assets work. So, conversations are very positive. I'm very optimistic about every piece of that I walked you through today and the deals that we can get done. Those deals are there to [indiscernible] (04:13:42)...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

These [indiscernible] (04:13:43) swaps or caps be used? I mean, what's our approach to how we're approaching it?

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.

A

We're working closely with Matt and his team to make sure that we're hedging interest where appropriate. In some cases, lenders are not requiring it as part of an extension, but in almost all cases, we're still putting in appropriate hedging just to make sure that not only we be locking in long-term debt, but the debt is hedged for wherever interest rates go. I would say, even more so than that, we're working with lenders to fix it directly rather than having to put even hedging instruments in place and they're working on the swaps on their own side. So, again, I feel very confident in everything I presented to you today.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Okay. Is there other questions? Commodity assets trading in the range of $450 a foot. So, the question is, there have been recent sales well-occupied commodity assets trading in the range of $450 a foot, 1370, AOA and others, will these buildings are not reflective of SLG's quality of assets, what's your view on the value of unoccupied commodity buildings? My view is, thank God, we don't have many or any, except for 750 Third Avenue, which we're converting. So, beyond that, what do you think?

Brett Herschenfeld
Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

A

It's very tough to generalize because those trades are well occupied, but you have 80% leased and depends on what the rents in place are. So, to try to read into unoccupied from that is there are no sort of vacant comps. Most of the vacant comps would trade for alternative use really, right?

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Right. Well, what's interesting is...

Brett Herschenfeld
Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

A

625 Madison is as close to vacant as we have...

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

Yeah, that's true.

Brett Herschenfeld
Executive Vice President-Retail & Opportunistic Investments, SL Green Realty Corp.

A

Yeah.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

A

I mean, you can say, look, 625 Madison, the space is – I mean, it's reflective of Apollo's occupancy almost 20 years ago when they did that initial buildout, substantially vacant, I mean, 90% vacant, $1,100 a foot. So, now, locationally different, but this is sort of interesting because even if you take, I don't know if this is a worst case, but unoccupied commodity buildings trading at $450 a foot, my takeaway, it's still a $100 a foot higher than our implied stock price for a premier asset fully leased or 90% leased. So, then what does that tell you.

Marc Holliday
Chairman & Chief Executive Officer, SL Green Realty Corp.

Next question, if there is any? That's it? Okay. Anymore questions? We are done. Thank you.