Corrected Transcript

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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 & Interim President, SL Green Realty Corp.

...Green's 2024 Investor Conference. Thank you all for joining us as we wrap up what was quite simply an amazing year. I'm so grateful that many of you this year had the confidence to invest in us and in New York. Each year, we reflect on the performance of the prior year and set some goals for the year ahead, and they're always stretch goals. So we don't always hit them but given our culture of competitiveness we want to prove the doubters wrong and we want to avoid those of you who believe in us but this year was exceptional, one that exceeded our own lofty standards.

A year ago, we sensed the climate in New York was changing, we believe that 2024 would be the pivotal year in which tenant demand in capital markets, would begin to meaningfully improve in New York City commercial real estate. It was not a speculative bet on our part but rather an educated call based on all the data, trends and anecdotes we received unfold in the second half of last year and the signs were pretty clear, at least they were to us first.

We saw that asset values which had fallen modestly for some and more precipitously for others began stabilizing based on the expectation that lower interest rates were in the offing 10-year treasury had peaked in October 2023 and then they began steadily receding. Then we finally saw employers abandoning their ill-advised work from home policies and calling employees back to work.

As a result, businesses returned to the space market as three years of pent-up demand was unleased and you could see the momentum building in the strong finish we had last year. Some institutional investors began making fresh capital commitments to New York City with SL Green successfully partnering on more than our fair share of opportunities as our global travels revealed that New York was once again in demand.

We also saw that people who had left Manhattan during the pandemic began returning and driving up residential rents and prices. The signs were actually everywhere, but it's understandable how some of them as the media continued to tell a different story, a pessimistic story about office real estate focusing on the challenging national trends with plenty of pain to go around.

This recovery has been a uniquely New York story with vacancy rates in cities such as San Francisco, hovering around 35%. In Dallas, LA, and Chicago hovering in around 25%. Again, it paid to be solely focused in this New York market, the one we know and the one we never lost faith in.

Ironically, the resiliency of the New York the economy and our business community is often most underestimated by New Yorkers themselves. While global investors are attracted to the reliability, stability, and liquidity of the market. And we didn't exactly dip our toe into the water either, setting some fairly bold and opportunistic goals for ourselves in 2024 ambitious targets for liquidity, leasing, investments, construction, operations, and capital raising.

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So with all of that said, how did the city fare in 2024, well it was one of the truly great comebacks of this century, New York got its mojo back this year, the state and the city are now working well together, aligned in their goals around incentivizing housing development, investment in infrastructure, repelling calls to increase income taxes, encouraging businesses to locate and expand in New York and fighting back against retail theft and making New York streets cleaner and safer again, and the results are really quite impressive.

Let's look at them on the jobs front, New York City private sector jobs are up 79,000 above prior peak and have grown 1.8% over the past year, much faster than the national growth rate of 1.2% and the job creation in New York is coming from a broad array of diversified industry. Regarding New York's financial sector, annualized Wall Street profits are $46 billion, the third highest level in the past seven years, representing 21% annual growth rate since 2018. Similarly, annualized earnings from the big five New York area commercial banks are $159 billion, the second highest level in the past seven years, representing a 9% annual growth rate over that same period.

Turning to tech, venture capital investment in New York in the second quarter increased to $7.7 billion, a 73% jump from the previous year with much of the money going to AI companies. In fact, OpenAI signed a 90,000 square foot lease in SoHo, the first OpenAI office outside of the San Francisco Bay area. Other AI tenants are also looking for office space. Last year New York City ranked behind only San Francisco and San Jose in listings for generative AI jobs. Not surprisingly, the New York metro area median income is now $140,000, 10% higher than it was just last year and a 54% increase from just 10 years ago. So clearly, the jobs being added are of the high paying type.

Citywide rental housing vacancy has dropped to 1.4%, while the average asking price for rent in a Manhattan apartment is now about $5,100 per unit, reflecting both the enormous demand to live in this city and the need for building more housing, which the city is doing and we'll discuss a lot about that later today.

Visitation is expected to end the year at 65 million visitors in 2024, 4.2% year-over-year increase. 2025 forecasts 68 million visitors exceeding the 2019 high watermark, it'll be a record starting January 1, hotel occupancy obviously has improved again, October has now recovered fully to pre-pandemic levels, the rate in October was 91.9% across the city's I think 125,000 hotel units versus 90.3% all the way back to October 2019.

Daily ridership averaged 3.7 riders on the subways over the past month, a new post-pandemic high. Bus ridership 1.3 million riders a day, just this past month, a 9% increase in the year ago. And 2024 annualized passengers in the New York area metro airports, 147 million people yes the highest amount ever on record, the tourism and travel industry in New York City has clearly recovered from COVID. There's much more evidence of New York's resurgence and 2025 is expected to be a continuation of these trends reinforcing the city's massive appeal to long term institutional debt and equity investors.

While the dynamics on New York are very favorable right now that doesn't mean all market participants are experiencing the same degree of success in executing their business plans. Those of you that saw the article in Wall Street Journal this morning talked of the market in terms of the haves of the office world versus the have-nots, there are many still struggling to deal with their properties in this higher rate environments and some of our competitors lack the liquidity to fully reposition lease stabilized assets and that inability is resulting in further dislocation.

We were uniquely successful because we differentiated ourselves from the competition in a few, but very important ways. First, we positioned our portfolio in the right way, this was a very deliberate, intentional move that

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was years and years in the making, and something we've talked to you guys about many, many times. So, that now we have fully redeveloped an amenitized set of well-located assets.

Starting back in 2017, we sold billion and billions of dollars of non-core properties at amazingly low cap rates and these were properties that didn't fit into our model. And with the proceeds, we're able to shrink our share base down substantially, almost by a third. I consider this the primary reason for our recent outperformance, and the single most strategic decision we've made as a company in the past 10 years.

Second, we benefited from unblemished reputation with our lenders and our partners and it's easy to raise money in good markets, it really is, but in tight markets reliable counterparties only want to do business with people they trust, with whom they have excellent experiences and who are fighting each and every day to maximize returns and recovery for partners and lenders, that's a reputation we've earned over nearly three decades and many hundreds of deals this has been to our great, great advantage this year.

Third, we diversified our income stream and kept a nimble balance sheet. We're no longer completely reliant on just office income, we see revenue from retail, residential, our special servicing business, joint venture income, lending, hospitality and of course our spectacular summit experience which this year has been officially voted North America's leading tourist attraction by industry professionals, media and travelers worldwide. Our strategic partnership with Chef Daniel Boulud and Dinex also exemplifies this new world that we're in, thanks to the relationship there's now an inextricable link between our buildings and premium hospitality. Dinex partners with us in big and small ways, elevating everything we do across the portfolio, creating new revenue streams but also reinforcing the value of everything we do.

Most importantly, we are running an investment grade balance sheet whether or not we have the investment grade designation. That gave us the flexibility and liquidity to get deals done even in challenging times. And again as The Journal noted this morning to get terms that others simply cannot.

Finally, we achieved so much this year because of our unbelievable team. These results only come by outworking the industry. It's a testament to all the reps we put in year-after-year and our relentless optimism about the future of this great city. Our team is hardworking, experienced, dedicated. We have people who like the pressure, who like to compete, want to win, and they don't take no for an answer.

Equally important, we are good corporate citizens to win in our business, you can't just be transactional. You have to be woven into the fabric of the community in so many important ways. We're a team that fully supports the city, gives back when we can, and believe me, it's noticed.

Last week, I had the great privilege of introducing, our amazing Chief Operating Officer, Mr. Ed Piccinich, who had a record fundraising gala, at the New York Building Congress and Ed was being honored, a 1,000 people in the audience, and the very next day he was back on the same podium at the Hilton Hotel, receiving another award from the Federal Law Enforcement Foundation. This year, Matt DiLiberto, Matty D, was made Chairman of the FDNY Foundation, and made an Honorary Deputy Chief of the Fire Department in New York. We're very proud of that achievement.

Harry Sitomer, was honored by enCourage Kids Foundation, and the American Friends of Rabin Medical Center. Laura Jackson, not to be outdone, was honored by the Rebuilding Together New York City's Patty Johnson Leadership Award and for good measure named, Power Women in real estate by Bisnow.

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Brett Herschenfeld received the Chelsea Piers Foundation Annual Leadership Award. Rob Schiffer was named to the City and State's Responsible 100. And Andy Levine was recognized as a Notable General Counsel by Crain's this year. I think that tells a little bit of the story, that's just the past 11 months.

Each year we raise millions and millions for organizations and causes that can – the company believes contributes very much to the city. In return, we want to support, it's who we are and it's key to our success, when you put it all together, the results this year were simply incredible.

Over the next few hours, we'll go into great detail about our performance across every aspect of the business. But I'm already 100% focused, as you would imagine, on 2025. Lots of people are giving us kudos for back-to-back years of significant stock price appreciation, but we are not resting. I think we still have a lot of upside and a long way to go in an even more favorable environment in 2025.

I believe that we are in the very early innings of an unprecedented rebound and period of growth. Why am I so confident? It's because we've never really seen a situation quite like this one. The pandemic wasn't a repeat of any earlier downturn that I can recall. It was a correction so severe and sudden that the opportunities on the way back up are the greatest that I've seen since the early 1990s, unlike anything we've experienced since we've been a public company 27 years. We're going on 27 years.

The nature of this sharp, compressed, painful correction presents us with an unprecedented opportunity to benefit now from an equally sharp recovery. We are entering into some potentially very strong years as asset values recover, business activity continues to reach record levels, and companies grow and therefore demand much more space.

We intend to lean heavily into that for the benefit of our shareholders, and nobody, I believe, is better positioned to take advantage of this moment in time in commercial real estate in New York City. Here is what I see happening. Short-term interest rates will continue to trend downward. Businesses will continue to expand in New York City. Vacancies will continue to fall as low as perhaps 12% in Midtown and sub 7% in Prime Park Avenue corridor maybe the tightest market conditions I've ever experienced or seen in my 33 years as a real estate professional.

Hybrid work is now already baked in, and demand continues to rise. And most importantly, because there is no new inventory, rents will rise and net effectives will improve. There are zero ground up office development projects currently underway in core Midtown, zero.

And with a four to seven year timeline for major projects, the reality is that inventory is only going to get scarcer and scarcer in the coming years. Of the nearly 17 million square feet of new office construction in the pipeline in 2019, only about 4 million square feet moved ahead. The remaining 13 million was shelved. None of it is currently going vertical.

What will we do in this context? Exactly what you'd expect. We're going on offense while others struggle to recover, we are ready to strike. Every decade you get one, maybe two shots to take advantage of this kind of reset. We're ready. Compared to our peers, we have a fortress-like balance sheet with the lowest debt levels in recent memory and plenty of liquidity going into this.

Here's how we'll put it to use. We're going to finish raising the balance of our debt fund and immediately put it to work. We are back in the DPE business in a big way and anticipate making billions of dollars in DPE investment in the coming years. We're going to continue acquiring well-located assets and applying our unique formula of

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upgrading and amenitizing. Over the past five years, we've perfected a formula for success that we can replicate, applied equally to new developments and redevelopments within the constraints of prudent budgets to create destinations and places where people want to be, where we can achieve top rents prices, whether it's office, residential, experiential or hospitality. That formula is unique to our platform and our people and it is not so easily replicated.

We're going to continue to develop premier assets because we're very good at it. We are also going to create a blueprint for world-class office to residential conversions, starting with 753 Third Avenue incorporating lifestyle, amenity and elevated experience.

And we are going to give all that we've got to win one of the three gaming licenses in New York being awarded in 2025 and build the number one entertainment, gaming and hotel resort in the world. Caesars Palace Times Square is far and away the proposal that fits best right here in Manhattan and will bring maximum benefit to New York City. As I said before, we are in the early innings of this comeback and we have an aggressive business plan for 2025 that we will outline today. Most importantly, we have the best team in the business executing on this vision.

So let's kick things off. We have an amazing presentation for you here today. You'll hear from the people you know and love, as well as a number of new faces across our young, hungry, up and coming team. I couldn't be more excited by the depth of talent we have in this company, which is almost entirely homegrown stars from early on trading in the culture of SL Green.

But before I turn it over to the team, we're honored to have a special guest with us here today. The Chair of the City Planning Commission, Dan Garodnick. Dan has joined us once before. Some of you may recall when he was city council member representing the east side of Manhattan, covering a lot of SL Green territory and One Vanderbilt.

Back then, he was integral in working with city planning on the Vanderbilt corridor and East Midtown rezonings and that have helped bring back so much investment and vigor to core Midtown. Now he's running the show as the Head of City Planning, leading Mayor Adams in his efforts to drive economic development and especially address the housing crisis facing this city.

We didn't plan it this way, but timing is often our friend, as the City Council just approved the transformative housing component of City of Yes Legislation that could bring more than 80,000 new units of housing to the city over the next 15 years. City of Yes has the potential in my mind to be just as impactful to the economic vibrance of Midtown as other recent governmental-led initiatives like East Midtown Rezoning and Recall MTA's East Side Access Project. And we're fortunate today to welcome Dan to take us through it. Dan, thank you for joining us and for all that you do for the city. Dan Garodnick.

Dan Garodnick

Chair & Director, NYC Department of City Planning

Thank you very much, Marc, and good morning, everybody. Nice to see you all. And Marc, I love to be here in a presentation which just says, well, let's go New York. That's wonderful. When Mayor Adams appointed me to this role as the Director of the Department of City Planning and the City Planning Commission, it was very clear to his mission that we wanted to make it easier and better to do business in New York and to say to rooms assembled like this and to those that appear before me at the City Planning Commission, a thank you to those who have an interest in investing and taking risk in New York. This is really important, certainly for our recovery. It's always important to New York. And we decided that we were going to develop a series of initiatives to reflect those goals,

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to make it easier to do business, make it easier to do more, and to get rules that were impeding our own growth out of the way. And that is what we themed our City of Yes Initiatives.

There were three of them. What is it? Well, City of Yes is a package of zoning reforms. I always hesitate to say, zoning reforms, because everybody's eyes glaze over the moment you mention zoning, but they are three zoning text amendments that are city-wide in scope. One of them was for the environment, City of Yes for Carbon Neutrality. And that was approved by the City Council in December of last year, designed to get our own zoning rules that were impeding our environmental initiatives out of the way and allow people to make good choices for buildings into the future.

City of Yes for Economic Opportunity was designed to make it easier to support growing industries, help retail commercial corridors that passed the city council in June of this year. And as Marc just noted, our housing opportunity proposal just passed last Thursday by a vote of 31 to 20 in the New York City Council. We're very pleased – thanks. Thank you.

I'm very pleased to have had that success. And I do want to talk to you about that 20 seconds on each of the first two just for a moment. City of Yes for Carbon Neutrality updates our zoning rules to allow for clean energy, lower emissions, to support EV charging. No surprise here, our 1961 zoning resolution, which is when our zoning came to be in New York City, makes no reference to electric vehicle charging or solar panels.

And as a result, there were conflicting rules and complications when you wanted to do as a building owner some of these great initiatives, whether its high performance walls in your buildings or solar on rooftops or providing EV charging spaces. We dealt with those issues, allowing for us to further our own policy goals as a city and make it easier for building owners to do more in this regard.

City of Yes for Economic Opportunity. Similarly, we found a lot of circumstances in which zoning was, it was written in 1961 and reflected that fact. So you would find references to things like model car hobby shops and airline ticketing offices and typewriter repair, but no real references to things like virtual reality, or 3D printing, and the sorts of things you might see in a – an economy of 2024. So, this proposal allows for a lot more flexibility to fill vacant storefronts. It facilitated the largest expansion of manufacturing in 60 years, made it easier for life sciences businesses to locate. And of course, it also expanded options for the hundreds of thousands of people who want to open a home business. So all of this together was a big boost for us. And also notably, one of the components here allowed for commercial to live above residential in a building, which I think is a notable one and certainly important for this group.

Okay. Let's talk about housing. As Marc said, timing is everything. City Council approved our housing proposal last Thursday. Why do we need to do this? Well, Marc noted it in his presentation. We have a 1.41% vacancy rate in housing in New York City. We are – we have been creating far less housing than we used to in New York. And that vacancy rate is the lowest that it has been since 1968. And a lot of this is due to our own zoning rules, much like each of the other two proposals. Our own zoning rules were in the way here.

We also found that housing has been concentrated in just a few neighborhoods of New York City. We have 59 community districts in New York City, in 2023 10 of them produce as much housing as the other 49 combined, which means there were entire areas of the city that were shut off to any housing production, and we wanted to address that.

So again, this one was approved by the council last week, designed to update our zoning, so we can build a little more housing in every neighborhood. And this will deliver, we expect an 80,000 additional, this is incremental new

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homes over the next 15 years across all five boroughs. But of course, that's just a 15-year estimate. Zoning stays until it is changed, and we're looking at rules that went back to 1961. I expect we will have these rules in place for the next 60 years. So this will continue to deliver housing for us as New Yorkers.

The overview of this proposal, and I'm going to walk you through each of those – these. Thematically, allowing for a little more housing in every neighborhood meant that we wanted to have different and thoughtful rules for different types of neighborhoods. So our low-density areas, which you can see on the map here in blue, we proposed certain sorts of changes there, and our medium and high-density areas, like the one we are in right now, we have specific proposals for there. We wanted to address parking mandates citywide, which are frequently in the way of housing creation and also a number of other citywide opportunities like office to residential conversions, smaller shared apartments, and also infill in campus settings.

Okay. Let's talk about some of the stuff for the low-density areas quickly and then we'll go to that medium and high-density areas. So I think a lot of people, when they think about low density areas in New York City or otherwise, they think of a single home with a white picket fence and a big backyard, which does exist. But our low-density areas in New York City, they're not a monolith. They're actually rather complicated. They have a lot of different things going on in them, including, what we wanted to re-legalize, which are these sort of modest apartment buildings, three to five storeys, either above commercial space, like what you see here on the left in our town center zoning proposal, or near mass transit. So within a half mile transit, we're enabling modest apartment building.

But also in a one or two-family home, we want to allow for homeowners to have the opportunity to add an accessory dwelling either in their backyard or in their attic or in their basement or in a garage. This is something which New York City homeowners do not have the right to do today, but should. It works very well for multigenerational families and as an opportunity for middle class homeowners throughout the country.

In our medium and high density areas, we proposed to allow for a bonus. A bonus for affordable housing. So this is a broadening of an existing program that we have in New York City, which applies to just a few areas and it applies to all of our medium and high density areas. And for those of you who love zoning, that's R6 to R10 in our zoning resolution. And you can see here on the map in orange. So in these areas, if you are in one of those zoning districts, you would be able to get 20% more in your new development so long as that 20% is permanently affordable.

We also proposed and I say I have not yet adjusted to the fact that we have proposed, is now adopted. So this is now going to be – and I think it goes into effect tomorrow, right past Thursday, five days later. This is in effect in New York City tomorrow to allow more residential – the non-residential buildings to convert to housing. Very, very strict rules today now liberalized.

Limitations include the date of construction of a building today, the geography of where your building is located today. We expanded the geography to make it citywide. We changed the date of eligibility from what was 1961 or 1977 in Lower Manhattan to 1991, and we're going to allow more buildings to convert to more types of housing. Also, allowing for irregular campus like sites in New York City to do contextual infills. There's a lot of limitations that go back to the 61 zoning resolution, which make it very difficult to do campus infill. We are addressing that here.

We also are significantly rolling back our parking mandates in New York City. So, in New York, up until last Thursday or perhaps tomorrow, we had a mandate in every zoning district of New York City as to how much parking you must put in every residential development, where there is 25% of the units need to have parking

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spaces or 50%, in some cases 100%. And we proposed eliminating it entirely in New York City. The City Council made some amendments here. And what they did was they expanded an area where there are no mandates, that's where you see the dark blue on the map.

And with those changes and with this result, this is the most populous mandate-free zone in America. 2.6 million people as of tomorrow will live in an area that does not have a parking mandate, which is the biggest area and most populous area in the country. The next closest city that eliminated a parking mandate was the City of Austin, Texas, with about 900,000 residents. So, we're very proud of that outcome. In Zone 2, the light blue really tracks where you have mass transit accessibility. We have reduced the mandates there in Zone 3, more or less left them alone, but we exempt more types of buildings in those areas.

We also – and I think this is notable here, we also created new zoning districts to allow for more housing creation in high demand areas. Marc noted the partnership between the city and the state as it relates to tax incentives. But we also, this year, were successful in getting to the state to lift our arbitrary limits on residential construction in New York City, known as the FAR cap. You couldn't actually develop above 12 FAR in New York City. And, of course, we have plenty of buildings in New York City that are well above 12 FAR, including the one in which we sit and stand today. But for residential, 12 was the limit. New York State this year finally dealt with that rule and wiped off the FAR cap. And we put rules in this proposal that will allow us to use this opportunity in New York City because we think this will give us the opportunity to allow for more housing in places that are centrally located, with great access to jobs and transit, places like Midtown.

Okay. Close to the grand finale here, but how is this going to work? How is this going to help? So, by allowing a little bit more housing in every neighborhood and more types of housing for a full range of New Yorkers, more affordable housing, of course, with that bonus structure that I described to you, reduce the pressure on gentrifying neighborhoods. When you have 10 neighborhoods doing the work for the other 49, those are the areas that are most prone to gentrification. By spreading it out a little bit more, we reduce the pressure on those areas, ending exclusionary zoning in places that have been shut off, accessory dwelling units as an opportunity for middle-class homeowners, and of course, supporting a transit-oriented development, a key point for sustainability in New York.

Now, just a quick peek on some of the other work that we have brewing at the Department of City Planning because I know that this will be interesting and relevant to you all. We have embarked on five neighborhood plans in this term of Mayor Adams' administration. The first one was the Bronx Metro North Plan that passed to allow for more development near new Metro North stations. We have four others. One of them is our Midtown South mixed-use plan, which is expected to start public review in the early part of next year, so almost imminently.

In this area, in the areas where you see on the map here, we happen to have a number of manufacturing-only areas in a core part of Manhattan. So, if you wanted to develop residential there, you can't. If you wanted to convert an office building to residential there, you can't. But we are proposing to allow for that change here in Midtown in these areas on the map, and also to use those new districts, those new higher-density residential districts that the State said you have the ability to use now. We are going to map them here in Midtown South. So, you might see 15 FAR residential buildings, 18 FAR residential buildings in this neighborhood. This would spark the creation of about 9,700 new homes, including 4,000 affordable.

Other neighborhood plans underway. Long Island City, Atlantic Avenue in Brooklyn, Jamaica. All of these are rezoning plans that we are aiming to effectuate before the end of next calendar year. The last thing I will say before Marc comes back is that when you think about the changes that we enabled in City of Yes for housing opportunity, just to put this in context, those 80,000 units that were approved by the Council on Thursday were in a single zoning action, more units then were delivered over 12 years of zoning actions under Mayor Bloomberg. It

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was double the number of units created through zoning actions under Mayor de Blasio. And we did that in a single action and that doesn't even take into consideration the five neighborhood plans that we are working to do. So, this was a really big win for the city, and we're very, very excited to be able to be here to celebrate it with all of you.

So, thank you very much for having me. Appreciate it.

Marc Holliday

Chairman, Chief Executive Officer & Interim President, SL Green Realty Corp.

Dan, that was amazing. This was 65 years in the making when we sat down and we had this – it's kind of a blue ribbon panel that was pulled together by the Mayor and the Governor about three, four years ago. This is the outgrowth of that. All those – all the concepts here were bandied about by 50 or so people over a period of a year. And as we were talking, there were – a lot were optimistic, but some said, well, this will never get done because it requires a change of the zoning text and that'll never happen because it hasn't happened 65 years. You spearheaded it, it happened. Great job.

What's the impact for us? I mean, it's everything. This is – it's done in response to intense demand for New York City. But it also is going to be taking swaths of secondary, tertiary buildings, and enabling them to efficiently convert to alternative use, infill more people, more economic activity, sensible growth, all the things that good cities – and growing cities and successful cities do is very few doing it or even focused on this right now. New York is one of them because of all the dynamics I think I talked about previously.

So, I know Dan's on a tight schedule. You said 9:40 hard stop, we're past that. So, what the hell? We'll just go to one question for you, okay?

Dan Garodnick

Chair & Director, NYC Department of City Planning

Got it.

Marc Holliday

Chairman, Chief Executive Officer & Interim President, SL Green Realty Corp.

Is something so – I don't know, so clear, so beneficial to me, so obvious and yet there were still some opponents. Just very briefly, why and how did you deal with them?

Dan Garodnick

Chair & Director, NYC Department of City Planning

Right. I think to say there were some opponents may even be an understatement there. Very difficult to pass a city-wide initiative in New York City, which is why it's never been done before. Nobody really believed that such a thing could be accomplished and maybe we were excited to take a crack at it. But, of course, it was not a foregone conclusion that we would be successful. People don't like to give up any opportunities. When I say people, City Council members and I was a, as you heard, a former Council member, I am a former Council member. Don't like to give up any opportunities to evaluate things frequently on a site-by-site basis.

But also, I think that there was a recognition out there that all of the challenge that we have, the price of rent that you cited, the fact that people are competing for housing in a way that is unhealthy, that, that issue needed to be addressed. But council members saw this. They heard a lot of it from their own constituents, people concerned

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about seeing anything happen in their own neighborhood. And that's why it was as close a vote as it was at the end of the day, and we made our case. And I think, we're certainly very, very grateful that every component of what we started with ended up in the proposal. It is a city-wide proposal in scale, which is exactly what we wanted. So, we were very happy to get it done.

Marc Holliday

Chairman, Chief Executive Officer & Interim President, SL Green Realty Corp.

All right. Great. Thank you, Dan. Appreciate it.

Dan Garodnick

Chair & Director, NYC Department of City Planning

Thanks for having me. Bye.

Marc Holliday

Chairman, Chief Executive Officer & Interim President, SL Green Realty Corp.

Thank you. All right. I would now like to introduce our Chief Investment Officer, Harrison Sitomer, known to his friends and colleagues as Harry, masterfully orchestrated our strategic investment, execution and goals for the year. It's a hell of a year. I think, I owe your family an apology this year, Harry, which I intend to do right after today. And as we gear up for January, because I know you'll go in 24/7, along with Brett, Rob, and the rest of the investments team and the whole group, but the fruits are in what you're about to walk us through today. So, Harry Sitomer.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

Thank you, Marc. I think my wife is watching. So, she'll – she heard the apology.

Marc Holliday

Chairman, Chief Executive Officer & Interim President, SL Green Realty Corp.

My apology.

Harrison Sitomer

Chief Investment Officer, SL Green Realty Corp.

There you go. Thanks, Marc. And sticking with Andrew Mathias' theme of kicking off the investment conference with a Jerome Powell reference, thanks to Jerome Claus, Christmas came early for the real estate industry in 2024. And while Durels was kicking back on the beach this year, while the tenants were just landing in his lap, Neil Kessner, the wolf was busy getting 3.5 million square feet of leases signed. So, great work, Neil. And here's a photo of Ed Piccinich busy delivering space to all of these new tenants in our portfolio.

This powerful combination of declining rates and solid property fundamentals provided for a year of transformational accomplishments across our investment group, but genuinely is a tale of two cities out there. For those investors with deep capital relationships and premium portfolios like SL Green, the market brought us great refinancing and recap opportunities. And for others, well, they experienced the pain of this more shallow capital markets environment.

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Today, I'm going to take you through the opportunity that's in front of us, demonstrating how we have been and will continue to arbitrage the market landscape to attract capital into our projects and funds, while also finding discounted debt and equity deals. After spending the past year with Marc and Young traveling to Asia, the Middle East, Europe, and all over North America, I want to share a few of the themes that I see developing across this improving market.

On the equity front, in 2024, we saw equity capital demand continue to strengthen, especially for well-leased assets with financing, but equity was picky and prudent and not available for all projects. In 2025, I expect to see more LP capital jump back into the market for recaps and more outright sale transactions as the credit market continues to firm up. On the debt side, in 2024, we saw credit available for best sponsors and assets predominantly for CMBS, but most deals are getting done with extensions to existing loans. In 2025, I expect to see CMBS outpace 2019 levels for high-quality assets and banks start to enter back into the market as we start to see payoffs of legacy loans regain liquidity and confidence in the banking sector. Despite this increase in bank lending capacity, I do expect to see private capital continue to gain market share to 2025.

So, digging into what has been driving the equity markets, this is a graph all of us are familiar with, but 2024 was all about the rate cuts, with US leading the way steadily on a recovery path, and you can see further projections of cuts into 2025. It is important for all of you to understand that while we welcome further rate cuts we are very comfortable with the existing short-term and long-term rate levels. What I am hearing from our LP capital and lenders who spend much of 2023 and 2024 on the sidelines is an excitement to jump back into the market now that the Fed has pivoted. That was the critical moment our investors were focused on as it allows them to price deals to the upside as opposed to pricing deals to the downside with an unknown Fed hike cycle. While we welcome further rate cuts, we also see plenty of openings for new deals in the existing rate environment, while our current portfolio benefits from solid asset performance and long-term fixed rate debt.

And now, looking at how the Fed path has impacted transaction volume of New York City office and retail sales, you can see that in 2023 we saw our lows with $7.7 billion of sales and 17 trades over $100 million. In 2024, we saw a significant upswing with sales projected to end the year up 44% from last year, but still 25% off the seven-year average, demonstrating the lack of depth in the market. I think this market is just getting started and the lag effects of the Fed will be more significantly seen into 2025.

And now, taking a look at buyer composition from 2019 to today. You can see the cross border and institutional capital, which was historically our competition and which had previously made up over 51% of the market is now approximately 25%. The opportunity for SL Green is that our premium assets and direct relationships allows us to tap into these well-capitalized investors, but with more limited capitalized competition, we are well-positioned to go on the offense and seek new investment transactions in a less crowded field.

And this chart perfectly exemplifies the equity arbitrage for us. We sold a stake in two premium assets this year at cap rates between 0 to 4.3% and prices over $1,000 a foot. And then, we traded into an asset adjacent to 625 Madison Avenue at a 6.8% cap rate and $645 per square foot on Park Avenue. Looking at the rest of the board, I assure you that we took a hard run at 250 Park Avenue as well, but unfortunately, Jamie Dimon had a bit of a bigger checkbook than us.

But as investors in the surrounding real estate, we are excited to see what JPMorgan has in store for its third owned asset in this corridor, and how their improvements will bolster the neighborhood to our benefit. And to round it out, just take a quick look at 102 Greene. It's a small trade, but we sold this deal for $44 million when it was vacant and in need of improvements, and the buyer then invested $20 million and then sold it for $46 million.

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This small example just serves to demonstrate how our team is mining the portfolio for dispositions at opportune times.

While Steve will take you through our business plan a little later, just a quick look at our new Park Avenue gem. 500 Park is a beautifully designed boutique office building on the corner of 59th and Park. We sourced this deal through a long-term relationship and partnership with the seller. We plan to execute on a building repositioning plan that will upgrade the lobby, the plaza, and introduce an amenity program for the asset. Once complete or as Marc is calling it, greenified, we expect this property to trade at a far premium cap rate in line with similar class A well-located and repositioned assets. We're negotiating financing with one of our large lending relationships, and we intend to bring in a joint venture partner.

So, now jumping into the credit markets. Much like in the equity markets, 2023 saw significant lows, with only $5.2 billion of total office loan originations and $37 billion of total New York City loan originations. Fast forward to 2024 and credit is roaring back into New York, with loan originations up 44%. With that said, the office financing market is well off normalized levels, with most owners doing direct workouts with existing lenders, which are not factored in to these figures.

And here, you can see that CMBS is driving the 2024 recovery with levels increasing from almost $0 in 2023, up to $5.2 billion year-to-date, sitting here in December with another $3.6 billion in pipeline that's expected to close before end of year. And a lot of this CMBS recovery is due to the pricing of AAAs through As, which have seen spread tightening back to 2019 and 2021 levels after major spikes in 2023. This level of pricing is expected to continue to trend for the highest rated bonds into 2025. With that said, as we look at riskier bond levels, take for example, BBB-rated bonds, we're still 200 basis points off 2019 level spreads, as bond investors are still cautiously entering back into the market, but seeking higher than normalized spreads in supported bond positions. This softening and subordinate tranches present us an opportunity for us to invest into positions in which we are well-equipped to underlying – to underwrite the underlying real estate risk and price the capital, unlike other macro fixed income investors that we'd be competing against.

These are the types of deals that are getting done with a Rock Center, landing a $3.5 billion financing led by Wells, and two big deals for the market to watch our 299 Park Avenue, which is expected to get done at 1.70% over and Spiral, which is out for pricing now and a spring thing to get done before end of year. But with our $5 billion refinancing plan mostly behind us, I feel great standing up here saying that the market is not the same for everyone. And with $75 billion of maturing debt, much like in the equity markets, a window is open for us to jump back into the lending business.

Up until 2020, we are one of the most dominant subordinate lenders in New York City, with a loan book on prime New York City Class A assets averaging between $1.5 billion to $2 billion. Starting in 2020, we stayed disciplined, and we began the process of reducing the book and using the proceeds elsewhere for the balance sheet to satisfy Matt. Well, now, Matt is not the only cash in town with our fund launched. Given our deep relationships across the institutional lending market and deep understanding of this singular market, we have an opening to source proprietary and well-structured credit deals for New York City commercial properties in a dislocated market to capitalize on the intersection between global institutional lenders that are retrenching and fundamental asset recovery.

So, to illuminate the value of the SLG platform and our investment team, we launched fundraising earlier this year to raise capital for New York City-Focused Opportunistic Credit Fund with a target raise of $1 billion. The SL Green balance sheet is committing 10%, and with a goal of deploying into approximately 15 investments earning gross 16% to 18% IRRs and net 13.5% to 15% IRRs, we put plan to deploy dollars over the next two to three

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years. Just last week, we announced our first fund closing with a large Canadian institutional investor with additional closings already scheduled later this year and into Q1 of 2025.

And behind me, you will see our strategy wheel, which demonstrates our six strategies tackling this credit market. Our strategies are focused on discounted loan purchases from our proprietary lending relationships who use us typically as a first-call resource for the New York City market; new loan originations into recapitalized and re-equitized deals; funding of good news money into opportunistic restructurings or for positive leasing momentum, this is something that is desperately needed by certain borrowers in this market, as we see leasing momentum continue to pick up; controlling class bond acquisitions where we can leverage our special servicing department; and finally, in certain circumstances, non-performing loan opportunities with an objective to get the loans back to performing through our workout expertise.

Workouts is something that our team specializes in, given our deep understanding of the assets, their needs, and the underlying legal documentation and interpretation in New York City. The goal is to assemble a best-in-class portfolio of credit positions on high-quality assets that are in need of capital to fill the void from the volatility in the credit markets. We have built up a substantial pipeline of $400 to $500 million of transactions that we're currently actively targeting. This team is – we're hungry, we're excited, and we're ready to get to work on taking on this market as we grow this fund management platform.

So, with that, I'm going to jump off the mic. We have more deals to get done before end of the year, we're busy. We're going to get back to, and I look forward to show you guys more about the proprietary pipeline that we've been building over the past year.

I now introduce Andrew Falk, the Head of Green Loan Services to discuss how we're growing our servicing business. Andrew?

Andrew Falk

Senior Vice President, SL Green Realty Corp.

Thank you, Harry. Glad to see I'm not the only young, fresh face presenting today. Good morning. I'm Andrew Falk, and I've been with SL Green for 20 years, and I'm responsible for asset management companywide. This includes overseeing the company's risk management and asset management for our equity joint ventures, the DPE loan portfolio, and the debt fund. Lastly, I run Green Loan Services, our third-party CMBS special servicing platform, and today, we'll discuss its history and success.

Green Loan Services is a rated CMBS special servicer, approved to service large securitized loans, which are known as SASBs, single asset single borrower loans. The bottom tranches of this hypothetical loan are the control eligible bond classes, which have the right to designate a controlling class representative or CCR. SASBs can have different control classes and fulcrum points depending on valuation changes, which can shift CCR control. The CCR has the right to appoint or replace the special servicer. These CCRs, which have appointed Green Loan as special servicer include top special – top institutional investors, investment managers, and hedge funds. This list confirms Green Loan Services as a leading servicer of choice.

More recently, as balance sheet lenders reckon with the challenges of their loan portfolios and start to enforce remedies, many have sought Green Loan to assist with foreclosure consultation and REL management. We expect opportunities in this segment to accelerate in the future, and this list is – this list of balance sheet clients is as equally impressive.

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CMBS special servicers must be approved by rating agencies. Green Loan has received rankings from or is approved by each of these agencies, which require rigorous annual reviews. We demonstrate our proficiency by reviewing recent business plans and resolutions with these agencies.

Green Loan is currently named special servicer on $13.2 billion of loans, of which approximately $5 billion is currently active in special servicing. In addition, $8.3 billion of prior loans have been resolved, which brings our historical total to $21.5 billion over 18 years. This excludes the $17 billion of historical SL Green DPE loans. We also have approximately $2 billion of new loans in the pipeline.

This map reflects all current, prior, third-party special servicing and SL Green DPE loans. No other special servicer can match the footprint that Green Loan covers in New York City. So, the expectation many have is that Green Loan is sought only as a special servicer for office assets in New York City. The reality is more than one-third of our assignments are an asset types other than office and Green Loan has service nationally in 24 states. Some of these loans include large loans [indiscernible] (00:54:09) in San Francisco, and a Hudson's Bay 15 state retail portfolio.

So, what differentiates Green Loan Services from other special servicers? Green Loan only handles a small number of large complex loans, not large pools of small conduit loans. This allows for more in-depth analysis and strategies. Dealing with some servicers can be an unending series of frustrations, unreturned phone calls, and out-of-office notification, welcome to servicer hell. This is how many borrowers feel when dealing with CMBS servicers. However, CCRs and borrowers have our cell phone numbers, and we regularly take calls at nights, weekends, and holidays.

Green Loan draws upon SL Green's best-in-class investment team of 16 real estate warriors, which have extensive experience underwriting both debt and equity and have managed through many real estate cycles. Also, Green Loan has access to all SL Green departments. No other special servicer can touch this level of proprietary in-house expertise. Having experience in the world of hard-nosed New York real estate finance, Green Loan is not intimidated by complex situations or litigious borrowers. We dug into our archives to find a video of a past workout meeting with a challenging borrower. Let's take a look.

[Video Presentation] (00:55:45-00:56:14)

This is obviously a Hollywood dramatization, but based on real-world events. Let's take a look at a recent case study, involving Union Station DC. Prior to COVID, the $330 million SASB loan was performing. However, in 2020, the loan transferred into special servicing due to a monetary default. For the next 18 months, the prior special servicer had failed workout negotiation and a borrower which threatened lender liability.

In October 2021, the CCR, BlackRock, appointed Green Loan as a replacement special servicer. It was time for a new strategy. Within a month, Green Loan determined the best course of action was to immediately commence a foreclosure action, a short process in D.C. The foreclosure auction was set for January 6, 2022. Given our capital markets relationships, we had insight that the mezzanine lender might protect. And on the eve of foreclosure, the mezzanine lender exercised a [ph] PAR (00:57:37) purchase option. Bondholders were repaid 100% within 75 days of Green Loan taking over as special servicer.

So what is the result for Green Loan aside from satisfied bondholders? Robust growth in both AUM and fees over the past five years and total historical fees of close to $74 million. Since we draw on our existing staff and resources, these revenues largely fall right to the bottom line. Now, Green Loan is looking forward to building on its success in 2025.

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Now, I'm turning over the podium over to Steve Durels for what will be an equally riveting discussion of a banner year for SL Green Leasing.

Steven M. Durels

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

Thanks, Andrew. That was truly riveting. Last year, we made the call that the leasing market has bottomed. It was beginning to show signs of improvement. Since then, we've seen an ongoing strengthening in leasing velocity with the demand from a broad range of business types, as requirements, price point and building quality. Although now, all geographic locations have enjoyed equivalent improvement, there's clearly been a shift back to Midtown with tenants focused on building instead of either undergone upgrade or which are located near major transit hubs.

And the leader is Midtown market, it's in full recovery mode, with leasing momentum on pace to mark the highest level of activity since 2019, with almost 25 million square feet of lease assigned year-to-date and a projection of more than 30 million square feet being signed by year's end.

The current availability rate is the lowest it's been this year, and the lack of high quality big blocks resulted in only five of the seven largest leases being renewals, as tenants struggle to find desirable alternatives.

Midtown South registered almost 7 million square feet of leasing activity through November, which has brought its availability rate down below 22%. [ph] Velocity (00:59:44) will mark the strongest year since the pandemic, although there's been a shortage of large tenant demand in this part of town, resulting in the fifth largest lease sign this year at only 90,000 square feet. For competitive buildings, the market is far stronger than the news headlines would otherwise lead you to believe. Depending on the submarket, between 50% to 69% of all availability resides in only 15% of the buildings.

Many of those buildings are out of the market due to inconvenient location, the lack of capital investment, or the sponsor's financial inability to transact, leaving the remaining buildings such as those within our portfolio in a much stronger position.

And amenities continued to be the flavor of the day. Two-thirds of all buildings have some level of amenity. And not surprisingly, that's where we've seen three-quarters of year-to-date leasing take place. However, not all amenitization is equal. Those buildings with a more thoughtful and well-executed amenity program are outperforming all others. Since 2020, buildings with three or more amenities have realized 8.5 million square feet of positive absorption, while less amenitized buildings have lost 15.5 million square feet of occupancy.

And while you're all familiar with the strength in demand for new construction and heavily redeveloped buildings, there's been equal demand in Midtown for tower floors, irrespective of building quality. Starting rent for space located above the 25th floor commands a 63% premium over base floors and a 50% premium over mid-rise starting rents. This premium is not limited to only the upper end of the market, but is being realized in both Class A and Class B buildings.

This year, large tenants have significantly driven the market. Big block leasing was very slow between 2020 through 2023, but this year, it came roaring back with more than 11 million square feet or 46% of year-to-date leasing being done by large tenants. That's led to a shortage in supply of quality large blocks. And given the lack of new construction, there's no new supply on the horizon. In fact, only nine large blocks were added to inventory from the beginning of the third quarter versus 32 large block additions in the first half of the year. If you're a tenant

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in search of a quarter million square feet in Midtown, you have only six choices, and I'd venture to say that only a couple of those spaces would prove suitable.

Overall, Manhattan leasing activity this year has been concentrated within the Midtown area, with particular focus on the Park Avenue and Sixth Avenue corridors. Together, the Midtown Core, Central Park and Grand Central Submarkets have accounted for more than 50% of overall leasing.

And the call has gone out for employees to come back to the office. Two-thirds of employees are now in the office at least three days per week, with tech tenants seeing the largest increase in the tenants since the start of the year.

Additionally, we've seen a significant increase in the number of active tenant searches in the market. Today, there are currently 312 tenants being tracked, searching for 25 million square feet versus only 255 tenants searching for less than 19 million square feet a year ago.

Now, let's turn the attention to this year's performance within our own portfolio, which last year we presented as five distinct sub-portfolios. The Grand Central portfolio covers more than 4.3 million square feet and includes 10 East 53rd Street, 45 Lex Graybar News Building in 461 Fifth.

We realized strong leasing velocity within this portfolio, signing more than 550,000 square feet, as compared to last year's projection of less than 300,000 square feet. Most notable is today's announcement of a 122,000-square-foot renewal with travelers at 45 Lexington. Graybar came soaring back to life, signing 43 leases, covering more than 150,000 square feet in both 10 East 53rd Street and 461 Fifth, reached 100% occupancy.

We've normalized the portfolio's lease expiration schedule with an annual average role of only 250,000 square feet over each of the next four years, with leased occupancy projected to rise to 97% during that time. And we presently have a leasing pipeline of 160,000 square feet, while starting next year's leasing goal of almost 300,000 square feet.

Next, the Third Avenue portfolio, which is approximately 3 million square feet and includes 919, 885, 800, and 711 Third Avenues, the headline accomplishment was a 925,000-square-foot early renewal and expansion, with Bloomberg at 919 Third, which together with other leases signed this year plus pending leases in negotiation, will bring the building to 100% occupancy with the bulletproof rent rule.

Additionally, we signed 14 leases at 803rd, covering 102,000 square feet, which brought leasing year-to-date in the portfolio of 1.1 million square feet versus a budget of only 220,000 square feet. We also completed a $16 million redevelopment of The Lipstick Building, which includes a beautiful new lobby, featuring the [indiscernible] (01:04:58), new elevator cabs, quarter upgrades, and an extensive pre-built program.

For future lease expirations, we have a modest 108,000 square feet rolling next year, peaking at 207,000 square feet in 2026, then plunging to only 37,000 square feet of roll in 2027, and 80,000 square feet in 2028. And we set next year's leasing goal of approximately 190,000 square feet.

Next, the Park Avenue portfolio is our largest concentration of assets, covering 6.8 million square feet and includes 100, 125, [ph] OVA 245 (01:05:35), 280, 450 Park, and our newest acquisition, 500 Park Avenue. This portfolio had a number of significant achievements, including 466,000 square feet of leasing at 245 Park Avenue, which included a renewal and expansion with Ares for 300,000 square feet at a record setting rent, and who last Friday exercised an expansion option to add another 37,000 square feet.

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This morning, we also announced a new lease with Alvarez & Marsal, covering 220,000 square feet at the base of 100 Park Avenue, which increased the building's leased occupancy to 96%. Additionally, we signed 149,000 square foot new lease with Elliott Management to 280 Park Avenue and brought OVA and 125 Park Avenue to 100% leased. Overall, we signed 1.1 million square feet in the Park Avenue portfolio versus a budget of 860,000 square feet. And we're on track to achieve portfolio occupancy of over 97% by the end of next year, with a leasing target of 460,000 square feet.

Before we move on, just a quick look at 500 Park Avenue, where our involvement is already being felt before we've even closed on the acquisition. The building currently has only one vacancy of 11,000 square feet on which we went for lease last week at a rent greater than the building's average in-place rents. Only one lease expires next year, and we're already in early discussion with the prospective tenant for that floor.

Next, the Westside portfolio covers 5.5 million square feet, includes the BMW building, 1350 and 1185 Sixth, 810 Seventh, and 1515 Broadway. It was encouraging to see significant leasing momentum at both 810 Seventh, where we signed a 177,000 square feet of leases and 1185 Sixth where we signed a 180,000 square feet, including a 133,000 square foot renewal and expansion with ICBC and where we're about to close on an additional 50,000 square feet within the next several days.

Current portfolio occupancy is 91%, was expected to drop below last year's projection to 89% due to an unanticipated vacancy by King & Spalding at 1185 and a slow lease-up at BMW, which is challenged by its 11th Avenue location. Notwithstanding that, we've set a 2025 leasing goal of more than 300,000 square feet based upon strong tenant demand at 1185 and 1356 Avenues and 810 Seventh.

Lastly, the Midtown South portfolio covers 5.3 million square feet and includes One and 11 Madison Avenue, 304 Park South, 110 Greene and 100 Church. One Madison amenities are now 100% operational, and both IBM and Franklin Templeton are quickly moving into the new headquarter floors.

The building has changed the Flatiron neighborhood much in the same way that OVA changed the Grand Central neighborhood. Brokers and tenants are wildly enthusiastic about the building's design and its extensive offering of high-quality amenities.

However, there's no denying that Midtown South leasing has been slow to regain its footing due to a lack of big tenant leases. This is the only portfolio where we missed budget due to large floor plates at the base of OMA. However, we've recently seen a significant uptick in midsized tenant leasing and a notable increase in large tenant tours. [indiscernible] (01:09:01) at OMA for more than 90,000 square feet, while other tenants in advanced [ph] due diligence (01:09:06) considering the building as their first choice. Consequently, we expect the Midtown South to be in full recovery next year and have set a year-end leasing goal of more than 550,000 square feet. And there's no better advocate for the building than the CEO of IBM.

[Video Presentation] (01:09:27-01:11:06)

The IBM space is spectacular. And Franklin Templeton's new space will be an equal showcase for best-in-class design.

Overall, this year, we signed more than 3.5 million square feet with large leases in each of the sub-portfolios and a wide range of rents. In fact, I don't recall a year in which we signed as many large leases as we signed this year. We have a significant number of buildings within our portfolio at or near 95% occupancy, at which point we

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see an opportunity to push rents up higher. And next year, 60% of the buildings within our portfolio are expected to achieve the 95% occupancy goal.

From my perspective, the Midtown market has fully recovered. Midtown South is on a path to recovery. Leasing momentum remains robust. There's a shrinking supply of competitive product. And rents are poised to begin moving up broadly throughout the market.

And now, up next, Brett Herschenfeld will discuss the exciting world of High Street retail.

Brett Herschenfeld

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

All right. Thank you, Steve. I think we all owe you a round of applause. What a year, my friend. Let's hear it for Steve.

I'm able to run many business lines at SL Green, from opportunistic investments to pursuit of the world's greatest casino in Time Square, but I still love retail leasing. The retail industry is one of the greater treasures of New York. We have the best culture, sports, arts, food. But this is where fashion, technology, and every category retail comes to prove itself. I take a lot of pride in the retail portfolio we've managed over the past 20 years, it's a critical part of the SL Green DNA. It's also constantly evolving, and our mission for the business today is different from what it was just a few years ago.

This chart's a cumulative tracker of SL Green's historical cash equity invested in High Street retail. The red numbers reflect aggregate net invested equity over time to acquire properties and reposition them. Aggregate equity exposure in High Street retail peaked in 2014 at $688 million. We stayed disciplined and ahead of the curve through the online apocalypse, harvesting assets, such that by 2018, we had recouped all invested equity through asset sales and refinancings.

The green numbers reflect cumulative profits, including return of all prior portfolio invested capital. Post 2018, we continue to sell retail into a robust market environment. And as we sit in 2024, all High Street equity investment has been returned, plus a profit of $465 million, and we still own five prime assets.

At last year's conference, I went into granular detail as to why retail was back. Some believed me, and some didn't. But as we sit here today, other than SL Green's office leasing, nothing has roared back more ferociously than New York City retail. And that's our job. We live and breathe this market and it's why we stand up here every year to give you, our shareholders, early looks at the trends we see, and that's why, you have the confidence in us.

Let's start with this marketing piece from Cushman & Wakefield. Retailers own Manhattan. Why is this important? Other than the profits that's all being collected from our interest sale in 717 Fifth Avenue to Kering with a big nod to our partner Jeff Sutton, because we have a new, never-before-seen category of buyer with a unique cost of capital that has entered the market, major fashion and consumer conglomerates. More buyers and we all know they are making more New York retail. It's no surprise what's happened to values.

The chart here shows all the retail user acquisition since last year's conference. These are the biggest retail names in the world, locking in their real estate in perpetuity. One massive retail transaction after the next. Not shown on here is the Juan Soto contract that was recently announced. But the money that will come back into New York City from that contract that he's spending should boost this further.

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The cap rates reflect a weighted average, 3.6% on almost $3 billion of volume. For those of you that bought into our commentary last year, we hope you wagered big. On top of all the sales volume, it was a banner year for leasing. I could fill many more pages like this with global brands signing leases in Manhattan. I call out the Madison Avenue, Gold Coast and SoHo submarkets, in particular, where retail is more than outperforming its pre-pandemic highs, both in terms of availability and rental rates.

I often get asked, why are retailers buying their stores? It's many parts, cost of capital, the growth in brands, consider that LVMH owns Dior, Fendi, Tiffany, and they're constantly looking to acquire more. It's the inability to increase the number of storefronts, creating a need to control real estate. But lastly, it's the extraordinary investment these companies make in the physical product.

What we see today is the creation of retail fantasy worlds. [indiscernible] (01:16:23) designing stores, Michelin star dining, cafes, concierge services, curated art galleries, private club, spas, whatever you want. The curtain walls are out of this world, spectacular. These investments are happening in Manhattan, not in Austin, or Miami, or San Francisco. They happen here because, above all, it's essential to showcase in New York. The conglomerates can profit from the investments, and it's hugely beneficial to the city in terms of street life and tourism.

Take a look here at the global Tiffany flagship on 57th and 5th, designed by Peter Marino, renovated for $0.5 billion, it's complete with Museum, Blue Box Café and more. Hermès created an unworldly experience at 63rd and Madison with champagne bar and outdoor terrace. And take a look at this image of giant Louis Vuitton luggage. Many people think this is the store. This is just the investment they made in the scaffold alone, covering the demolition of their old building to make way for what will be the unimaginable. To be clear, this is an actual photo.

The LVMH store I'm showing you here is only a temp store, while they build their global flagship on 57th and 5th. Look at this investment they made in what will only be around short term. And next year, Dior will open its five-level global flagship on 57th and Madison with high-end spa, VIP club and more. You can't get these experiences online. This is retail in 2025 in New York.

It didn't exist like this 10 years ago. We love it and there will be more to come. Now, I hope you didn't think we weren't doing our part. This year, SL Green opens some of the greatest flagships in the city. As I told you last year at 110 Green Street, we were able to negotiate a buyout of the prior tenant in which SL Green got paid, increased the rent 20% and secured a 15-year credit tenant lease with Balenciaga. This year, Balenciaga opened its 12,000-square-foot SoHo flagship, taking [indiscernible] (01:18:32) and solidifying the block as the most exclusive street in SoHo, bringing its supreme edginess to fashion's edgiest retail market.

A note on SoHo. SoHo rents have far surpassed their prior peak. It is the top-performing High Street retail market in New York. Even Blackstone recently bought a SoHo retail portfolio. Welcome. 110 Green Street is the 50-yard line of the best luxury street in SoHo. It's considered by many to be the best building in SoHo. And remember, it's wholly-owned and carries absolutely no debt. Just last week, Van Cleef & Arpels opened their new Gold Coast townhouse at 690 Madison. The store is absolutely stunning, classic New York design; and importantly, last week, the mortgage on 690 was paid off at a discount, and what was once a mezzanine loan investment for us is now an unencumbered ownership of this trophy property.

More importantly, Marc put this asset into ASP. I told him not to. So I had to go into the trenches, deliver the Van Cleef lease, and now it's out of ASP and back on the High Street balance sheet where it belongs. And now, here is a personal statement to you written by the icon himself, Giorgio Armani, or as we call him, Mr. Armani.

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[Video Presentation] (01:19:59-01:21:21)

The opening of the Armani store at 760 Madison Avenue is one of the highlights of my career. I recall all the way back in 2014 negotiating the original deal with Giuseppe Marsocci, then CEO of the US, and now the Chief Executive Officer of Giorgio Armani Corporation. We shared a vision that Armani could do everything at the site, not just retail, but the entire force of its lifestyle, every business line into one flagship on Madison Avenue. It would be the New York legacy of Mr. Armani. And from there, they had to have it. We executed a market-leading lease together.

Then, Marc went crazy on the residential; however, justifiably so, as Harry went out and delivered the highest condo sales per square foot ever achieved on the Upper East Side. Marc and I were there to cut the ribbon a couple of weeks ago, and it was the first time we ever met Mr. Armani. He gave us each one of those old-school Italian face taps. You know, what I'm talking about? We did good. His legacy is solidified in this project.

To put the retail at 760 in perspective at a forecast which is in line with the comps I showed you earlier, the value well exceeds $440 million. And let me remind you, the retail at 760 Madison is wholly-owned and has absolutely no debt. [ph] DiLiberto (01:22:43), how you doing?

Beyond High Street, the retail wave is radiating in our portfolio. This year, Watches of Switzerland opened its boutique at One Vanderbilt with brands like Cartier and Omega showcasing their pieces on 43rd in Madison. It's an atypical location, but what One Vanderbilt brings in its entirety its best-in-class office tenancy, the Summit, [ph] the Pavilion, Joji, (01:23:07) the amenities. We created that visual for watches and they had to have it. I think about every day our mission to bring an elevated cohesion between office and retail. That's the new direction for our business.

Each building becomes more than the sum of its parts by creating experiences from amenities, curating retail tenants, engaging the community and delivering hospitality at every level. Employees come to the office each day and receive a lifestyle they enjoy, and it's something they want to leave home for.

It's just wonderful to see the evolution of these two gentlemen. What once started as fighters, now ends with brotherhood. Steve and I work together every day to make sure he markets our office products with greater tools by showcasing the best retail and hospitality talents at our podiums. There's no better example of this than One Madison Avenue. Here's what One Madison looked like when the development got underway in 2020. 39,000 square feet of retail available at Gray. By the time there was last year's investor conference, Steve had commandeered the best quarter for IBM, granted with pleasure, let's have door signs to anchor the culinary offering on 24th and Madison. Chelsea Piers committed to bring 60,000 square feet of fitness over three levels. And the world's greatest event space, Le Jardin sur Madison took shape on our roof.

After last year's presentation, we all toured the vacant space on 23rd. I told you, I was going to divide the remaining 16,000 square feet of retail into five spaces so that employees in the building and our neighbors could have a different variety of food every day of the week. Once again, some believed me, and some heads were spinning.

Here we are at Investor Day 2024. The retail is fully leased to five different tenants, each one an iconic culinary name in New York City. Sweetgreen Salads, Jōji Sushi, Los Tacos No. 1, ALIDORO Sandwiches, and Ponti a fresh seafood restaurant by delicious hospitality to complement our steakhouse. No other office building in New York delivers a greater work-play lifestyle than One Madison, and this will help solidify its value for decades to come.

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Here's what's on tap for 2025. Working with the full SL Green arsenal, our transformation of 245 Park will create another jewel in the crown of Park Avenue, and the retail will play a key role. Here's what 245 looked like at its base when we took over management. We quickly brought in Dos Caminos on 46th and Lex, the perfect use. We cleaned up the four bowling alley spaces on 47th, bringing in a golf training academy to take almost all the retail. And we left room for a coffee beverage concept on the avenue. And by the time it's next year's Investor Day, we will deliver an iconic restaurant brand with a never before seen 10,000-square-foot concept at the corner of 47th and Park. I know some of you don't believe me, but trust me this time.

Lastly, you're about to have one of the best meals in New York down at [indiscernible] (01:26:18) this afternoon, but let's improve that. It was a great year all around. And I'm sure for many in this room holding SL Green stock, it was a banner year. For those who want to spend some of their profits, our tenants downstairs, Watches of Switzerland, has graciously offered a discount for those attending today. The discount is only for the One Vanderbilt boutique downstairs through Christmas and go make it rain. And thank you, guys.

And now, over to Rob for some development news.

Robert Schiffer

Executive Vice President-Development, SL Green Realty Corp.

Good morning. Good to see you all. This is my 20th investor conference, a tenure at SL Green that's exactly four weeks longer than Brett's. [ph] How you doing? (01:27:02) For the 20-plus years that I've been here, including through the very public and very challenging One Vanderbilt public approval process that I led, we've used external consultants in the trenches with us to get stuff done, leaning on a team of lobbyists and professionals at the city, state and federal level, notably [indiscernible] (01:27:21), Greenberg Traurig and [indiscernible] (01:27:22).

Over the last two years, however, as the demands of shared stewardship over this great city have grown and expanded beyond policy and implementation and in office sweet spot, the burden of not having someone in-house put too much strain on the team. So, we decided to bring in-house a government affairs specialist to work alongside [indiscernible] (01:27:44) and our other professionals. So what's the next step to finding the perfect match for our needs? No other than the government affairs dating app, tinder.gov.

We scrolled and scrolled, swiping left scores of times until we landed on this handsome fellow. Seven years working for Senator Schumer leading the senator's state team; a fellow New Yorker, a native Long Islander like someone else we all know, we decided to swipe right. And after a year on the job, we could not have found a better match. And I'm pleased to announce that Garrett Armwood, who joined SL Green last fall, has been named to Crain's 40 Under 40 Star, joining an illustrious list of SL Green leaders like Brett.

Everyone, please give a warm welcome to Garrett Armwood, our VP of Governmental Affairs.

Garrett Armwood

Vice President-Government Affairs, SL Green Realty Corp.

Thanks, Rob. You and I have made a great team, and I know that we're just getting started. As Rob mentioned, I spent the last seven years with the US Senate Majority Leader, Chuck Schumer, where I served as his Deputy State Director.

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So, you may be wondering, if I had such a great role with a senator, how did I end up on Tinder? Stuck up? Well, when I first joined Chuck's office in 2017, I committed to stay with him through his re-election. After he won, I started thinking about what was next. Two things were clear to me then and now. New York is in a moment of change and transformation as much as any period since 9/11. And second, I had to be a part of that transformation to help New York come through even stronger. And I can think of no better place to be that aligns with his commitment to never giving up on New York than SL Green.

Through the pandemic, no company, no group fought harder for New York's recovery than SL Green. SL Green isn't just playing an active role in New York's future, it's dreaming it, it's investing it, and then it's building in it. So, I left Schumer's office on October 27, 2023, with great appreciation, but three days later, I walked through the doors of SL Green to get to work. And on my first day, Marc Holliday shared something with me that has stuck. He told me that as I start to take actions and make decisions on behalf of Green, I needed to remember one thing, we are stewards of this city. Everything we do is for the betterment of New York because what's good for New York is good for SL Green.

One of the key lessons that Senator Schumer imparted to me during my time with him is it doesn't matter if you're the best public servant. If no one knows what you're doing for them, you're not doing your job. The same is true for government affairs. If our elected representatives don't know how SL Green's goals align with theirs, they won't know how, where or when to partner with us. And now, it's my job to make sure they know that.

I spent the past year meeting with elected officials and our community partners, making sure they know all that SL Green is doing and working to better understand their current and future goals so that we can continue to work as closely together as we did when I was with the senator.

I'm also helping expand our role and influence within groups like the Regional Plan Association and the Citizens Budget Commission, making sure they know about our innovative projects like Caesar's Palace Times Square, which is designed to revitalize its surrounding neighborhood.

Shortly after arriving in SL Green, Rob and I began an engagement campaign of key elected officials and stakeholders across the state. Our goal was simple: to make sure that these decision makers understood all that we did at Green about the complexities that go into office conversions.

You're all familiar with these headlines. In 2022, New York City's housing crisis took center stage. The tax incentives that drove multifamily production had worn out, and there was no interest within the legislature to renew them. In 2023, there was talk of a great housing [ph] compromise (01:31:24) between the legislative branch and the executive branch, a compromise that would deliver a conversion incentive and a production incentive. As we know, that didn't happen, but we knew conversions were good for New York.

So, in 2024, we took matters into our own hands. As Rob mentioned during last year's conference, we had the desire to convert 750 Third, but we needed the State to deliver a usable incentive. Not just for 750, but for all of New York. And now they have.

In April, under the leadership of Governor Kathy Hochul, Senate Majority Leader Andrea Stewart-Cousins and Speaker of the Assembly, Carl Heastie, the State of New York did two things critical to spurring conversions across Manhattan. In fact, I have a little video to show you of how we did it.

[Video Presentation] (01:32:07-01:32:34)

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Garrett Armwood

Vice President-Government Affairs, SL Green Realty Corp.

I love that video. It takes me back to school and dreaming of being able to work with people who could pass laws that impact all of our lives. Because what the state did for conversions is massive, and we can't thank our partners and government enough, including the team at City Hall under the Adams Administration, for all of their advocacy. So, what exactly did the state do? First, they amended the tax laws to create Section 467-m, the Affordable Housing from Commercial Conversions Tax Incentive Program. It provides a 100% abatement of real property taxes through construction. After the conversion, the abatement continues at a 90% level for 35 years.

Second, as Commissioner Garodnick mentioned to you earlier, they provided relief from New York State's outdated cap on residential development, the 12 FAR cap, providing currently overbuilt buildings, a pathway to convert efficiently. These changes have allowed us to go forward with our conversion plans for 750 Third, as well as explore new opportunities across the city.

Now, I'm going to kick it back to Rob to walk you through something I'm really excited about. In fact, that's why I came to Green. Our plans to convert 750 Third.

Robert Schiffer

Executive Vice President-Development, SL Green Realty Corp.

Thank you, Garrett. You can't read an e-mail blast these days without reading about office to residential conversions. As Peter Grant recently reported in The Journal, cities across the United States are joining New York and now offering incentives to boost conversions and revitalize depressed business districts. But conversions are not new in New York. In fact, modern era conversions date back to the mid-1990s. In 1996, on the heels of several major financial institutions, vacating obsolete downtown office buildings for more modern digs in Midtown, the State and City of New York passed 421-g, a tax incentive program to spur conversions south of [indiscernible] (01:34:14).

The 421-g Program sunset in 2006, but not before converting over 11 million square feet of office space, generating nearly 13,000 units. Over the last decade, following the Great Financial Crisis, a second wave of conversions swept the city, mostly office to condominium conversions, and they spread like wildfire across Midtown South, making it the neighborhood it is today and one of the most attractive in the city to live in. Now, with 467-m, a third wave of conversions is occurring with an increasing trajectory northward to Midtown and the edges of the Midtown CBD, which is exactly where 750 Third sits, poised to help revitalize what has been a challenged office corridor.

Not only will these programs create over 40,000 housing units, but they will also remove more than 36 million square feet of office space from the inventory.

And although this is a nice little history lesson, the reason I walked you through this is that SL Green has been investing in residential over that entire 20-plus-year period. When I joined SL Green in 2004, one of the first transactions I worked on was the acquisition of a mezzanine loan on 20 Exchange Place, a 421-g office to resi conversion executed by Metro Loft. Over 20 years, we've invested billions in residential debt and equity investments from large scale ground-up developments to the acquisition of interest in stable cash flowing portfolios. And we already have a couple of conversions under our belt. Bottom line, no one is better suited to convert 750 Third than us.

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The basic program: convert a 70-year-old midcentury Emery Roth & Sons building into the poster child for Midtown conversions. We'll do this with a best-in-class team comprised of Gensler, Victoria Hagan and Douglas Elliman. 750 Third is on the east end of the Greater East Midtown business district and sits at the west end of a vibrant residential community. Nearby are old steak houses like Sparks and Wollensky's and other neighborhood stalwarts like [ph] Pétrus (01:36:17). However, over the last two years, only one trendy restaurant has opened, and that's Rosemary's. Although there is an Equinox at Graybar and another on 54th and 2nd, the area is devoid of the lifestyle concept that has overtaken the traditional gym. And besides, the Irish bars in this area that we've all been to, the area lacks other nightlife options.

So, with that as the backdrop, the development program for 750 is built on 5 pedestals. First, a significant multi-floor lifestyle fitness facility; second, a food and beverage focused membership club centered around a winter garden and with adjacent co-working space; third, a private residents-only amenity floor with a significant outdoor terrace; fourth, generously-sized private terraces created by the setbacks from the original wedding cake building geometry. And between the unit terraces and the amenity space terrace, there is half an acre of outdoor space.

Lastly, efficient unit depths will allow for the conversion of space near the core to rentable storage space, a need that every New Yorker has. To execute on this plan, starting with the building as it sits today, we will selectively demolish parts of 13 podium floors facing Third Avenue, a move that we have dubbed, the notch. At the base of the notch, a winter garden will be incorporated, which will showcase the amenities in the building. The square footage removed from the notch is relocated above the existing West extension, where 11 floors will be added. It's an elegant, adaptive reuse that has taken over a year to study and design. An absolute, complete transformation, and one that reuses 95% of the floor area, while creating the classic H-shape of prewar rental buildings, albeit with a modern edge. Ain't she a beaut?

The result of the notch can be seen most clearly in this floor plan, representing the sixth floor. In blue, you can see the efficient residential units and highlighted in pink are the interior spaces which will be made available as individual storage space. The tower has nine floors from 26 to 34. The views from these floors is expansive from the East River to the Chrysler Building, and a great view of our own One Vanderbilt. A total of 52 units will have ample terrace – Garrett, is that you? Rumor has it, since you moved to 750, your tinder.com is blowing up.

25th floor is the residents-only amenity where residents will enjoy exclusive access to a suite of luxurious amenities, including flexible-sized party rooms, top-of-the-line golf, and F1 race car simulators, and a sports lounge with a screening room. The amenity floor connects to an expansive, beautifully landscaped, nearly 6,000 square foot outdoor terrace.

We're working in collaboration with SMI, designer of the Garden at Le Jardin Sur Madison, to provide a space that's elegant and fits with our SL Green's brand standard. The crown jewel of the project is the Winter Garden, which is expressed as four floors on the facade. The ground floor will provide an exclusive, separate entrance leading to the club on the third floor and the co-working spaces on the fourth floor, which will both be available to residents and the general public on a membership basis.

The second floor will be leased to a third-party fitness operator, and the third floor opens to the Winter Garden, which is double height space with an operable facade component and a skylight, primed for a club. The Winter Garden will be the hub of the lifestyle brand that will define 750 Third, a vibrant destination offering multiple food and beverage options, a sports bar and various entertainment experiences geared towards attracting the young professionals which make up the demographic for the rental market in East Midtown. Overlooking the Winter Garden on the fourth floor is the co-working space paired nicely with the club. The residential lobby is strategically positioned at the building's west edge along 46th Street, a much quieter side street than Third Avenue.

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The interior of the lobby and amenity spaces will inspire tranquility, focus and a comforting respite from the bustle of Greater East Midtown. These spaces will exude aspects of SL Green's brand, showcasing an elevated aesthetic with gracious space planning, sophisticated textures and high quality materials.

Now, let's dive into the numbers. The project's schedule. We're currently finalizing our schematic design, which means we should be locked in with the contractor this coming [ph] swing (01:40:42) and swinging hammers this summer with early work packages. The Western extension requires some structural shoring, so our overall project duration has been extended by approximately six months over what I presented to you guys last year, leading to a completion and TCO in May of 2028.

This is an $805-million project, reflecting a land contribution value of $300 million, which is a premium to evaluation as a vacant office building. We anticipate a total equity contribution of $320 million, of which with the land contribution, requires only approximately $20 million more dollars from SLG through closing of a construction facility slated for this coming year.

The project program comprised of lifestyle, fitness and F&B, not only amenitizes the building and strengthens the Third Avenue quarter, but also contributes meaningfully to the project's bottom line. We've underwritten rents well below the top end of the market and in line with comparable recently developed buildings in the neighborhood.

The higher price per square foots are generated by the smaller studios and the lower by our larger two-bedroom units. Storage space I mentioned previously, as a pillar of our program, commands a not insubstantial $30 to $40 per square foot. Renters in the city often pay $50 to $100 per month for storage, and the nearest comparable facility is in the 60s and the FDR, basically Long Island City, which is where Garrett lives today. Operating expenses reflect efficiencies shared with our rental building downtown.

So, to bring it all together on an unlevered basis, these assumptions yield an attractive mid-to-high 6% yield in a multifamily market that historically has traded in the mid 4% cap rate range. We intend to bring in a joint venture partner for 2025, which will repatriate some of the value creation through the changing use, and at the higher end of the historical cap rate range, the project will generate close to another $300 million of value for SLG in our partnership before factoring in fees and a promote.

And now, I turn it over to Marc to do NAV.

Marc Holliday

Chairman, Chief Executive Officer & Interim President, SL Green Realty Corp.

Okay. Grab this. That was great, exciting new project that we're already underway with and lot of years of planning on that one. But I think it's going to be another success for the company. Excited to get that going.

So, right now, we're at that point in the presentation where we've looked at the assets, talked about the market where we think 2025 is setting up. Let's bring it all together in NAV. This is a template in a format we introduced over a decade ago. We're going to stay with it, because I think it's a good way to think about the portfolio valuation as a whole and where we sit in people's perception of value. This is a perception of value slide, share price a hair over 75,000 square foot, total market enterprise value, $15.3 billion. Last year we introduced a new category of assets called the Alternative Strategy Portfolio. Recall these were assets that we had managed for a period of time in most cases had harvested and cultivated earnings and profits out of – but were at a point in their life cycle where there was leverage and very little upside in our point of view relative to the debt they carried. So, we put them in their own category called the Alternative Strategy Portfolio.

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There were only 10 assets. It was about 3.8 million square feet, $3.8 billion, coincidentally, of total debt. Our share, $1.2 billion. We had expected it would take about three to four years or so to resolve this portfolio. Let's see how we did. Starting out Worldwide Plaza. No change in status there. Stay tuned for more on that in 2025.

But 5 Times Square, you know, want to talk to you – give you an update on that earlier. In the fourth quarter, RXR and SLG closed on a recap of 5 Times Square with Apollo to finance the repositioning of the asset to a mixed use property.

The transaction was really a key step in capitalizing the project and be able to undertake the business plan of conversion from office to residential. In connection with that deal, SL Green no longer has ownership interest and in 5 Times, but we have the opportunity to invest alongside Apollo and RXR in the conversion of the project and earn fees in connection with that.

So, you see there, we're going to eliminate the asset, the debt associated therewith, and obviously there was no recourse or out of pocket. 2 Herald, it was a situation you recall from last year where for net – you know, during this year, $1 million, we bought out $182 million mortgage. We are now negotiating with the fee owner on this unencumbered asset. More to come in 2025.

11 West 34th Street we're working on, but no change in status. 717 Fifth, our partner [ph] Jeff (01:45:51), you heard Brett talk about a sale he executed. Our share of proceeds was a pleasantly surprising $28 million on a portfolio of assets. We had said to everybody assume value at the debt. Obviously, we over-exceeded there.

650 Fifth, we work on. It's the Nike store. 1552, stay tuned. We think things coming there. 719 Seventh, it's an asset we sold this year, $4.5 million of net sale proceeds. Another pleasant surprise on that transaction. And then finally, with 690 Madison, just last week, the loan on 690 Madison Avenue was paid off at approximately 50% discount to the face value of the debt in connection with the sale of the property. The asset is now owned in a joint venture between SLG and that buyer, and the asset has been moved out of the ASP portfolio, given it's now owned free and clear at a reset basis, which yields an 8.8% current return on our basis. So, we think this will be another long-term good resolution for the company to join the ranks of 717 Fifth and 719. And 115 Spring, we will again work on in 2025.

So, we've accelerated quite a bit here. The portfolio has already been reduced by more than half down to $574 million of debt at share. And we did so while generating earnings well above our expectations when we sat here last year. You bring that back and deduct it from the total market enterprise value at the remaining debt, and you get $14.7 million of adjusted enterprise value.

We then go through and as we've done in the past, 711 fee at a 5% cap, and our leasehold at a 10% cap, that's similar to last year's valuation metrics. We go next, and then we have the High Street Retail and residential portfolio. Brett took you through the cap rates. I think it was a 3.6% average. We put High Street retail in at 4.5% for a 794 million valuation. Suburban portfolio is really just two small assets, Landmark Square and Galleria, we value at NPV of $120 million.

SUMMIT, we left the valuation unchanged, kind of a conservative estimate, $250 million for the operating company. That doesn't include all the revenues we get on the rent and the percentage rent. Same as last year for the most part, developed, then properties three in particular. One Madison add costs. No value exceeds cost. We put in 245 Park at our last sale, plus invested capital. It's another conservative estimate. And then 750 Third Avenue, we put it into value. Rob just took you through. And that's the $1.08 billion.

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We move next to One Vanderbilt at the appraisal plus the promote that's kicked in by that appraisal. Just for our share, we have small amount of held-for-sale properties, $16 million. We've got the debt book carry to 0.9% of book and some other assets consisting of air rights in the money promotes, asset management fees at a modest five-times multiple, and other assets consisting mostly of restricted cash, about $500 million, leaving a residual value for the balance of the entire office portfolio of $6.6 billion of residual value Manhattan office, that we – that will project to generate in 2025, $430 million of clean NOI, that results in a cap rate of 6.5%, and that is for a portfolio of our best assets, best locations completely redeveloped. And on a trajectory of significant leasing upside, only $563 a foot. Obviously, a cap rate too high, an implied value too low. And where we see the market really right now and certainly heading in 2025 at a 5% to 6% cap rate, you get implied stock price of about $83 to $102 per share, or $613 to $730 per square foot. All numbers we're excited to pursue and unlock that value in 2025.

So, that is a little look at the net asset value. We're going to lighten things up a little bit and talk about one of my favorite topics, SUMMIT, One Vanderbilt. It's just an extraordinary movement, really, that has taken over the city. It's become one of the leading tourist destinations in the city, not just tourists, you know, it's for tourists and New Yorkers alike. Yesterday, I was up there with Mike Williams, 4:00 in the afternoon, 4:30-ish. Sun was setting. There we were, it was beautiful. Gentleman gets down on his knee and proposes. One of two proposals that took place while we were up there. What moves people to come to SUMMIT? We asked them and the gentleman was from...

Michael Williams

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

Italy.

Marc Holliday

Chairman, Chief Executive Officer & Interim President, SL Green Realty Corp.

From Italy?

Michael Williams

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

From Italy.

Marc Holliday

Chairman, Chief Executive Officer & Interim President, SL Green Realty Corp.

Wow. So gentleman from Italy, young – young person. He said, you know, I saw SUMMIT online. I fell in love with the building. I fell in love with SUMMIT. And I knew this is where I wanted to propose. They flew here just for that purpose. And it was like incredible. People cheering, half the place was crying. This is how SUMMIT impacts people on a daily basis. It's emotional, it's thrilling. You know, people are in tears and it's really – it's a privilege to be able to deliver it. We're going to expand it worldwide.

Mike Williams is the guy that oversees and for us, he and Rob Schiffer are now going to take you through our plans for SUMMIT next year.

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

Hey, Marc.

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

You need help?

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

Nope. It's good.

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

Yeah. That's a big myth.

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

Yeah. It is. What a tremendous morning. That's a word we don't use that often, but when you talk about SUMMIT, tremendous is the right word. I'm Michael Williams, General Manager and Managing Director of SUMMIT One Vanderbilt. And I'll tell you, it's been an incredible three years since our first guest walked through our doors back on October 21, 2021. And within the first few days, I knew immediately that SUMMIT was going to change everything.

NFL, NHL, Formula One and Disney, I've been fortunate to have worked for some of the most recognizable entertainment brands in the world. But I have to tell you, SUMMIT is something special. No doubt, the NFL has some of the most passionate fans in sports, but the issue is that it's always tied directly to wins and losses and that passion can quickly fade, bad team performance, high prices that make it beyond expensive for fans to go to games. Not to mention, football was made for television. And unfortunately for those of you who may be fans of those two teams across the river, you know exactly what I'm talking about. Things can go bad very quickly, yeah.

The most magical place on earth, sure, but be prepared to wait lines, long lines. For those of you are Star Wars fans who want to see Rise of the Resistance, how about a 220-minute wait time. By the way, that's just for one ride. SUMMIT connects people. We have created a space that invites everyone, no matter who you are, where you're from, what language you speak, to become a storyteller. Every guests who comes to our doors becomes a key part of the SUMMIT experience, to look at things from a personal and unique perspective, to find that sense of awe that only comes from a place of joy.

To celebrate a new chapter in your life like Marc mentioned, or to experience wonder through the eyes of someone else. When you allow yourself to stop, take a breath, to look around, you realize SUMMIT is powerful. It's iconic. Truly like nothing else. The accolades, the awards. Obviously, they speak for themselves and they come from every type of discipline, from design, tourism, architecture and art. The list, quite frankly, is too long to share all of them, but here are a few of the recent ones. Someone is evangelized by our guests and recognized throughout the industry for our innovation and success.

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As Marc previously mentioned, SUMMIT was recently named North America's Leading Tourist Attraction in 2024. When you consider the competition both past and present, you can immediately see that this is a whole other level. New Orleans French Quarter, Las Vegas Strip. You'll see they're not just observation decks. We found ourselves in rarefied air in a very short amount of time. Another thing that makes SUMMIT incomparable is our team and our culture.

I've built a best-in-class leadership team across all disciplines, from sales, guest experience, facilities operations, technology, finance, people experience, all with backgrounds that span across sports, live entertainment, hospitality, tourism and tech. We have a mission-driven, agile, feedback-rich environment where shared accountability is really at the cornerstone of who we are. We've welcomed over 6 million guests since opening, with 2.1 million coming in 2024 alone. We routinely exceed our projected models of daily sales revenue. I'm here to tell you that we are secure and stabilized in our operations and consistently are looking for opportunities to improve.

All of this with a pricing roadmap that drives revenue, yet allows for a value to experience ratio, so all people from all different walks of life can enjoy. Can we charge more? Of course. But serving as one of the ambassadors of New York, we feel there's an unspoken obligation to keep SUMMIT affordable so everyone has the opportunity to experience all that SUMMIT has to offer. We strategically priced our tickets to increase revenue based on both demands, updates, and timeslots.

Can we increase capacity? Absolutely. But there's a direct correlation between overcrowding and an awful guest experience, and we will not sacrifice the brand or the guest journey for the sake of a few more tickets. At SUMMIT, the brand is tied directly to the experience. This also shows how much of an upside we still have.

In 2025, we'll be introducing a new premium ticket product that will give guests the opportunity to enjoy an unparalleled experience, doing – offering of a priority entry, a dedicated guest experience ambassador, seamless access and giving you chance to enjoy SUMMIT like never before. In a market that is hungry for bespoke experiences, this product will drive additional revenue, improved margins with minimal increased expenses, all while attracting a new customer segment seeking something more personal.

Let's face it, growth is the best report card and SUMMIT is excelling across the board. Our decisions are deliberate and data focused. We can tell you when specific countries on holiday, when the grandparents from Nebraska are coming to New York City and also what's most important to local New Yorkers. We operated at increased efficiency due to two things; expense management and inter-department synergies. In a market where the industry waits to see what others are doing, SUMMIT leads the way.

Speaking of growth, it comes from all areas. SUMMIT is a social media goldmine, surpassing year-over-year industry standards with an impressive 25% increase in 2024. When it came time for Ariana Grande aka G(a)linda for you wicked fan, I'm speaking directly to Matt DiLiberto to put that one. When it came time for her to announce her album and her upcoming world premier movie, Wicked, there was only one place she wanted to be, SUMMIT.

[Video Presentation] (01:57:42-01:57:54)

Trust me, for the social media following of over 456 million fans, mind you, US population is only 346 million. Ariana could have gone anywhere she wanted to and she chose SUMMIT. Personally, I don't think you've reached iconic status until you receive this type of fandom from a guests. Martha's visit to SUMMIT during her honeymoon was a highlight of that trip. What better way to memorialize such an unforgettable visit than to get a

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tattoo to remind you of your time at SUMMIT. Now, you've got an opportunity here for me what's happening is SUMMIT One Vanderbilt.

I'm going to pass you off to Executive Vice President, Rob Schiffer, to tell you a little about what we are doing globally. Rob?

Robert Schiffer

Executive Vice President-Development, SL Green Realty Corp.

Thank you, Michael. Yeah, in addition to the discounted watches downstairs, Michael will also be offering free SUMMIT tattoos.

Michael Williams

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

Yeah.

Robert Schiffer

Executive Vice President-Development, SL Green Realty Corp.

Investors or analysts who want them?

Michael Williams

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

We have the team ready to go.

Robert Schiffer

Executive Vice President-Development, SL Green Realty Corp.

Michael looks like a defensive tackle, well, because he played one. He now plays quarterback at SUMMIT and he does a hell of a job as the field general in charge of 130-plus employees on a daily basis consistently deliver the highest quality experience for our guests. You'll know I wear a number of hats here at SL Green. You heard earlier how I helped ushering enabling legislation for the conversion of 753rd. Those of you who have known us for years know that I led the efforts to develop One Vanderbilt and One Madison. And while I'm proud of those accomplishments, my passion is to share SUMMIT, this gift to humanity with the rest of the world.

In early 2022, we began in earnest the effort to expand this special experience around the planet so that everyone could experience it, irrespective of whether or not they could visit New York. This graphic summarizes the steps of that effort. Identifying the cities was relatively straightforward, given the stringent criteria we developed, global cities with the highest levels of tourism and with a postcard vista.

As we explored those cities, we identified targets, and with a presence in those cities, we started receiving inbound requests as well. SUMMIT is clearly in high demand, but not all those buildings fit the standards we've set for ourselves. And even if an owner or a developer is willing to undertake all the modifications to make room for SUMMIT, it still might not be a fit. As we've narrowed our targets to those that check all of our boxes, we enter pitch mode. We present SUMMIT.

Following those meetings, the owners of our top targets decide to come to see SUMMIT for themselves and it clearly leaves an indelible mark. After arriving home, they called us dying to see how SUMMIT would look in their building. They asked for a fulsome presentation, a preliminary guest journey, renderings with their vista and a

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detailed business plan. Our presentations are comprehensive and dramatic and often end with a round of applause. And that's exactly how we landed Paris, where we competed and won a global RFP process.

I couldn't have done it, absent my partnership with Kenzo Digital, the artist behind Air, the first installation of which here at One Vanderbilt, is the bedrock of the global phenomenon that is SUMMIT. Kenzo has been on this journey with me every step of the way and we've taken 20-plus trips over the past 2.5 years to 7 cities, meeting with property owners and developers to find the perfect destinations in our top markets. And so while I handle the business aspect of global expansion, it's really Kenzo's artistic vision that seals the deal. And to discuss his vision for SUMMIT Global, here's the world-famous artist, Kenzo Digital.

Unverified Participant

My goal in creating Air was to create a kind of evolving and infinitely deep story about your relationship to the city, your relationship to nature, whereby every time you experienced it, it was different and it had kind of intimate depth to it. And the response to that has been powerful. People come back multiple times and it becomes part of how they experience seasonality or big life events. That becomes part of their rituals for how they live in the city.

The expansion of SUMMIT globally is an incredible opportunity for us to make big creative statements around the world and to really make our imprint on a global scale. Whether that's why Tokyo or Paris or London. Each city has its own culture. Architecture and landmarks are all different. The seasonality is different. The energy of the people is drastically different. And so, our goal is to build unique and distinct expressions of SUMMIT in every major cultural capital of the world.

We want to create these new monuments to the future, harnessing community and creating a deep sense of local pride. Hopefully, we can inspire generations of our guests to see themselves as an active participant in the future of their city and their place they call home. We always had a deep conviction that if SUMMIT concepts would have a universal appeal. So it's exciting to be at the precipice of bringing this to multiple cities and building something the world has never seen before.

Robert Schiffer

Executive Vice President-Development, SL Green Realty Corp.

Okay. So, let me walk you through where we are with our efforts. New York is open and Paris is now in full development. We've announced Paris, where we have awarded – we were awarded a public process. We entered into a long-term partnership with the local stakeholders. Kenzo and I just got off a plane before Thanksgiving, after traveling to London, Tokyo and Seoul, where we presented a user journey with renderings and are now working with those top targets, their architects, to make required base building changes, developing a business plan, and we've begun to negotiate business terms.

So 2025 is going to be a very big year for SUMMIT Global expansion. Beyond those core five locations, we're having additional conversations on about another dozen possible sites, including a new concept, SUMMIT in Nature. Now, here's a look into our pitch deck to show you what SUMMIT might look like. Please put your cameras away. No photography of what you're about to see.

You can see that although there is a shared DNA with SUMMIT One Vanderbilt, each SUMMIT will be unique, not just unique to the city and the vista, but unique to the architecture of the building and the dimensional qualities that houses Air. While these are just pitch book renderings, they're just a simple transport of Air to each city.

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But in reality, each SUMMIT will be home to a bespoke version of Air created by Kenzo, specifically for that city and that building. When you walk in, you'll know it's SUMMIT. But it'll be new. It'll be different, but it'll always be mind-blowing.

And now, to present even more ways that Green gives back to this great city, I welcome Amanda Golub.

Amanda Golub

Vice President-People Experience, SL Green Realty Corp.

Good morning. I'm Amanda Golub, Vice President of People Experience at SL Green, a role I assumed in September. My journey began 8.5 years ago as a property assistant at 125 Park, just two days after graduating college. I've spent the lion's share of that time working primarily on special projects directly for a Chief Operating Officer, Ed Piccinich. As the VP of People Experience, I oversee Human Resource functions, including benefits, onboarding, compliance, employee relations with a focus on fostering a dynamic place.

Central to this mission is our great place to work certification, which takes the pulse of our 1,000 plus workforce across SL Green, Union and SUMMIT. We are all united by a shared purpose, operating 24/7, 365 with no remote staff. This certification is a testament to the collective effort, resilience and dedication of our entire team. Equally integral to us is our long-standing commitment to youth development or the Greenway. Nurturing talent, cultivating a strong workplace culture, encouraging growth and advancing from within. My own story is a reflection of this. A testament to the farm system that has encouraged so many of us to build lasting careers at SL Green.

And this brings me to where I am here today. To highlight some of our initiatives that engages and helps develop young talent. Setting a benchmark for our industry and the broader business community. Our youth outreach begins with high school students, young New Yorkers that we engaged just as they are beginning to think about their futures. Our longest running initiative is our Mentorship Program with the Governors Committee on Scholastic Achievement.

Our mentors range from junior and mid-level employees up to senior executives. They donate their time meeting with students every two weeks, providing one-on-one support, encouragement and feedback. It's our third consecutive year with the same 13 students. Meaning our mentors all of guided them from sophomore through senior year.

Career Discovery Week is a separate effort that we participate in. It's a one-day initiative coordinated by the Partnership for New York City, offering a hands-on career exploration for high schoolers designed to connect the city's classrooms with its workplaces through activities like Day in the Life sessions and a tour of One Vanderbilt, students gain insight Into the real estate industry.

Our next initiative, the Principal Innovation Fellowship, equips public high school principals with the tools to enhance students' career readiness. In other words, in addition to our youth engagement, we help guide educators who shape students' academic journeys. Partnering with Bank Street College, renowned for its approach to education, this program challenges principals to rethink curriculum design to support workforce preparedness. A single cohort of 27 principals impacts over 15,000 students, amplifying positive outcomes across New York City public schools.

The programs we are most proud of and the cornerstone of our youth development initiatives are the Summer Youth Employment Program, or SYEP; and the Ladders for Leaders internships, which provide crucial opportunities to minorities from underserved communities. A couple of years ago, the mayor approached Marc Holiday, asking him to hire more young people at SL Green. So, Marc was thinking about our typical finance

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acquisitions or operations internships, and Marc assured him we already do. As the story goes, he quickly replied, not the kids I'm talking about. And from there, everything changed.

Leading this initiative has been a privilege. In that first year, I collaborated with Marc and a colleague to create a comprehensive experience that could serve as a strong professional foundation. We also recognized that most of these students had little to no exposure to the corporate world, and we knew we had to get creative. We started with a professional clothing drive because let's be honest, the road to success begins with how you present yourself.

Each year, we've collected hundreds of clothing items contributed by our employees to outfit our interns. And let me tell you, there's an instant transformation once they put on the power suit. We also introduced what I call our College Coach Day, a workshop led by an executive coaching firm that covers essential skills like time management, resume writing, college planning and career goal setting. One of the highlights of the summer comes in the last weeks, and Marc sits down with our interns, sharing his insights and advice as they start navigating their future career path.

And I promise I'm not just saying this because he's our CEO. It's truly one of the most motivating moments of their experience. Over the past three summers, we've welcomed 65 interns ranging in age from high school juniors to graduating college seniors, many hailing from the outer boroughs, bringing a vast diversity of backgrounds. Notably, about a quarter of our participants are part of SYEP Pride, a dedicated pipeline for LGBTQ youth, allowing us to create an inclusive environment.

Regardless of their age or background, our interns are empowered during the six-week program, and these internships are not public relations opportunities for us. They are genuine recruiting efforts. To date, we've extended 12 interns full or part time roles at SL Green. We are passionate about providing opportunities to people who might not have the same access, but once they get their foot in the door, they thrive. It's in our DNA to take on interns, invest in young New Yorkers, and develop the next generation of talent.

In 2022, the Mayor's office honored SL Green as employer of the year for our program's impact. This year, we wrapped up our summer with another visit to Gracie Mansion, where our interns participated in a mock business dinner hosted by the city and resonate with Marc as the keynote speaker. While corporate lunch or dinner function might seem routine for many of you sitting here, it is these types of real-world experiences that are transformational to our interns who have never networked with or been given access to top corporate professionals.

Our philosophy at SL Green is to always push to raise the bar, and this is also the driving force of our youth engagement initiatives, whether by expanding opportunities for young people or more broadly by expanding our community impact and fresh, innovative ways. I'm excited about the future and look forward to continuing this work, fostering opportunities that uplift the next generation.

Matt DiLiberto will now walk you through our 2024 financial performance and 2025 guidance. I know not as inspiring a topic as mine, but probably what you're all waiting for. Thank you.

Matthew J. DiLiberto

Chief Financial Officer, SL Green Realty Corp.

Thank you. Good morning, everybody. Thank you, Amanda. Amanda's very impressive. Been with us a long time. She said, what, two days after she graduated, she started with us. Doing a great job as the Head of People

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Experience. I am dressed for success today, do my best. It's actually a new suit that my tailor thinks, it's like an aspirational suit because it's trying to back into it.

Thank you for joining us here at our 27th Annual Investor Conference here at One Vanderbilt. Feels kind of like a bad night at Caroline's, but you didn't pay for it and you don't have to drink minimum. This is a year where the theme clearly is what a difference a year makes. I'd like to begin with an update on our credit profile, which is undoubtedly a competitive advantage for us, in particular over the last couple of years. We built a fortress for the toughest of times.

To that end, we remain committed to maintaining the strong credit profile, which is underpinned by these very basic pillars. First and foremost, as has been highlighted throughout the course of the day, we have the best portfolio we have ever had designed to outperform in all parts of the cycle because of its quality, location and long-term leases to the highest credit quality tenants. All of which provide significant resiliency and downside protection.

From a leverage perspective, after several years in a more defensive posture with a focus on deleveraging we find ourselves back at an optimal leverage point for us in a public company format, which is actually low relative to where other private New York City focused owners can lever. We have a significant stockpile of liquidity supported by an enormous, unencumbered asset base, virtually no floating rate debt.

And dramatically diversified our income streams, which allows us to make money no matter what part of the cycle we are in. It's a credit strategy I feel extremely good about. And there's one additional component, our extended debt maturity profile that I want another one of our superstars here at the firm to dive into a bit more. Scott Kocis is a Vice President of our Investments Group and not only one of the more intimidating figures in the firm, but also part of the team, along with Mike Alicastro and others on the Rainbow slide earlier, who had successfully executed some of the company's most important initiatives, including an extraordinary amount of financing and refinancing activity.

Welcome, Scott.

Scott Kocis

Vice President-Investments Group, SL Green Realty Corp.

Thanks, Matt, and good morning. My name is Scott Kocis, and I'm a Vice President in the Investments Group. I've been with the company since 2018, and I'm responsible for sourcing, underwriting and executing structured finance and new equity investments, as well as pursuing dispositions and joint ventures for SL Green's existing portfolio.

Today, I have the privilege of presenting on another topic that occupied a significant portion of our time in 2024, the ambitious goal set at last year's Investor Conference to extend and modify $5 billion in property level debt. Harry touched on earlier. The debt market a year ago was challenging with decades low origination volume and zero SASB CMBS originations on office properties in New York.

Considering this outlook, we made the early decision to forgo traditional refinancing strategies and got to work on modifying our existing debt. We entered these discussions with our lenders with a handful of goals, extending loan term by two to four years at the existing interest rates to give the market and, in some instances, the properties sufficient time to stabilize, limit principal balance pay-downs and utilize available money either from existing reserves or new lender future funding facilities, and minimize additional recourse when possible. So how do we do?

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We are pleased to announce our accomplishment of successfully executing loan modifications exceeding $4.6 billion across nine separate transactions, with the goal of finalizing the 45 licensing and modification prior to year-end, bringing the total above our $5 billion goal. We extended loan term by 2.5 years and limited pay down requirements to less than 1% of principal balance while minimizing additional guarantee exposure.

In the instance of 280 Park, we secured a four-year extension of the mortgage and retire the mezz loan for $0.50 on the $1. And as you read this morning at 100 Park, we secured a $70 million future funding facility for Good News Leasing Capital, along with executing an option agreement to buy out our JV partner. Not shown here is a one-year extension of the loan on 650 Fifth Avenue through July of 2025. All of this was achieved while keeping the interest rate unchanged across the board.

And as you'll note, we not only addressed the 2024 maturities, but proactively managed those for 2025 and 2026, providing for an additional 3.2 years of remaining loan term from today. The result is a clear runway, with one maturity next year at 11 Madison and two smaller maturities in 2026. For 2027, we anticipate a constructive lending environment for a traditional refinancing of these loans. We're seeing green shoots in the market already with notable pickup in CMBS office activity and encouraging feedback on our acquisition financing at 500 Park Avenue.

SL Green's ability to execute this business plan is a result of an unblemished track record and longstanding relationships across the global lending community. Lastly, the quality of our assets allows for successful outcomes when our lenders bring these modification requests to their credit committees. And it doesn't hurt when Steve delivers a banner year, at least in the portfolio.

Now, I'll turn it back to Matt to finish the discussion on our credit profile.

Matthew J. DiLiberto

Chief Financial Officer, SL Green Realty Corp.

Thank you, Scott or Scoot as your grandmother used to call you. As a result of Scott and the team's incredible execution of the $5 billion plan, asset sales we've consummated over the last several years, and siloing the non-recourse debt on ACP that Marc took you through earlier, we have reduced our core portfolio debt down from a peak of $9.4 billion back in 2022 to just $7.2 billion today. But that's just property level debt.

Let's not forget about all the we have done in the corporate side, along with a successful extension of $100 million of unsecured term loan just a few weeks ago, which we didn't even include in Scott's $5 billion summary. There was a significant amount of corporate deleveraging totaling almost $450 million this year alone.

Next year, we expect further property level debt reduction, bringing that to below $7 billion. And corporately, we will repay the last of our unsecured bonds, leaving only our credit facility and $100 million of trust preferred securities that still have another 10-plus years until maturity. At these debt levels, down from around $12 billion at our peak in 2022, we can very comfortably go back on offense.

From a liquidity perspective, on the heels of our first large equity raise since 2013, the successful sale of an 11% interest in One Vanderbilt and condo sales from 7060 Madison Avenue that are coming in, we find ourselves flush with liquidity expected end this year with a stout $1.3 billion of dry powder. This will allows us to fund our capital needs for 2025 while still having incremental capital to go on offense.

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Next year, on the sources side, we begin to assume the number of strategic dispositions while FAD before second gen capital of nearly $400 million that helps to fund our increased cash dividend. On the uses side, some proceeds from asset sales will simply go to repay debt to maintain our optimal debt leverage level. But we will primarily focus on investing capital into our new fund and other debt securities, getting into full swing under development projects at 750 Third and 245 Park. And funding Good News Investment Capital related to the extraordinary amount of leasing we did this past year that allowed us to increase occupancy of over 300 basis points.

Even after all that activity, our balance investment strategy allows us to end next year with the same stout at $1.3 billion of liquidity we came into the year with perfectly positioned to continue to be on offense in 2026 and beyond. Our focus has been on reducing corporate unsecured debt, as we look ahead to the recasting of our credit facility in 2026, one-year ahead of maturity. We continue to maintain an enormous, unencumbered asset pool of nearly $4.2 billion, not surprisingly. The bulk of this is in our Manhattan office portfolio.

But much like our income streams, there's an important diversity to the unencumbered asset base as well, including our debt platform, which has been predominantly an unlevered business since we started at 25 years ago, some of our High Street retail portfolio and SUMMIT, which they completely unlevered operating business.

While an already very comfortable ratio with unsecured debt likely headed lower and asset values ideally headed higher, this ratio should only improve moving forward.

Managing our interest rate exposure has been a fundamental part of the credit strategy for many, many years and critically important over the last couple of years. While we are optimistic that interest rates will be coming down over time, as you've seen over the last several weeks, rates are extremely volatile. And there are many who feel that rates could actually drift higher over the next year.

We are not in the business of making rates calls. We need to protect the balance sheet and the bottom line. So over the course of 2024, we continue to hedge property level and corporate debt using primarily caps and swaps through the terms of that hedge debt, such that floating rate debt is now at historic lows.

What's left unhedged primarily ASP debt and our revolving line of credit, which we expect to be at or around zero for the vast majority of 2025 based on our current business plan. As a result of that strategy, how much of a non-event is a movement upward in rates, if the forward SOFR curve was to increase by 100 basis points in 2025 over where it's projected, for frame of reference, it was only 12 basis points higher for the entirety of 2024, the net impact would be a paltry $4 million. That's about as insulated as we can get.

And concluding the credit discussion with the [indiscernible] (02:21:10) last year, that was so popular, some of the analyst community made it like a focal point of their research reports, maybe more so than the business itself. [indiscernible] (02:21:18) progression in our fixed charge coverage, calculated by the terms of the credit facility, based on consolidated only and on a trailing 12 months. Here, you see where we stood at the end of last year. Importantly, were we in progression since then and where will we go next year, the real improvement is not driven by rates, because we are so insulated. It comes from reduced debt levels, particularly a much lower line of credit balance, and improving consolidated EBITDA, showing the benefits of our diverse income streams.

We said to be patient on this metric and that it wasn't a concern for us and a nearly 2.1 times and trending higher, I feel very good about where we are, and hopefully those reports can return to more traditional reviews of our business. Now, we move on to earnings guidance where I need to make the standard message from our

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attorneys. The following may include non-GAAP financial measures. So, you should look to our SEC filings, including the 8-K filed this morning for any comparable GAAP measures and required reconciliations.

Looking back at a standout 2024, we said it would be a year where we turned the corner, and we certainly did. When we established our guidance last year, there were many who thought it was overly optimistic. But we love to – nothing more than to set the bar high and to outperform, driven by the performance of our properties, incremental fee income and the outperformance of SUMMIT, and an extraordinary amount of discounted debt gains totaling $210 million, all of which are NAV accretive and some of which we closed on just this past week. That allows us to raise our FFO guidance for the third time this year with a midpoint that's remarkable 54% higher than the midpoint of our original guidance range. For those who want to exclude extraordinary items, $0.10 better than the original guidance at the midpoint of the range. Overall, a year we are extremely proud of.

Now we look ahead to 2025 where we need to start with the share count. Two weeks ago, our models would have shown something like this, factoring in the effect of the equity offering, which was almost 5 times oversubscribed and supported by all of you here, the share count increases by about 5 million shares next year. Even after the offering, note we are still over 28 million shares below where we were at the end of 2016 prior to the commencement of our share repurchase program, which undoubtedly is showing the benefits in our results today.

In the real estate portfolio, GAAP NOI grows to around $772 million, over $10 a share as we see the early effects of expanding same-store occupancy and One Madison coming online. This momentum partially offset by some known tenant vacates. And while operating expenses are contained by Ed and his team, we see an increase in real estate taxes of about 5%. In the Manhattan office portfolio, GAAP NOI is driven by those same-store occupancy increases, including at high margin properties like 245 Park and 280 Park, coupled with the effects of the [ph] watershed (02:24:09) lease that we did with Bloomberg back in October at 919 Third Avenue. While One Vanderbilt is now 100% leased and stabilized with rents that are well below market, providing the runway for substantial future growth.

On the other side of the coin, there are some NOI roll-downs at properties where tenants are expected to vacate, including at 11 Madison Avenue where Yelp vacates 192,000 square feet in April. As of today, we have line of sight to re-tenanting about 40,000 square feet of that space. At 1185 Avenue of the Americas, 555 West 57th and 711 Third, we have a total of 460,000 square feet rolling out, including King & Spalding at 1185 that Steve referenced earlier. At our share, the GAAP NOI [ph] of (02:24:52) those four properties is lower by about $15 million.

Building up the rest of the real estate portfolio NOI and the development and redevelopment portfolio, here, you see the impact of tenants continuing to move into One Madison, which is one of only two properties in this category. The other property, 750 Third contributed to last $2 million of GAAP NOI as an office property before being converted. The remainder of the NOI in this portfolio is what we see coming off of One Madison on a GAAP basis, which is different than our economic interest. I expect One Madison to move out of the development portfolio in 2026 when it starts to generate meaningful cash NOI as well.

In High Street Retail portfolio, what an incredible experience you saw. The Armani team has created at 760 Madison with a full year of NOI in place next year, creating incredible value in its wholly-owned unencumbered asset. While 690 Madison makes its glorious return from the ASP portfolio back into the core.

The last component to the portfolio comprised of our last suburban asset up in Stamford and the NOI from our residential assets at 15 Beekman and a partial year of 7 Dey Street as we expect to bring that asset out to

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market. Bringing the NOI from the alternative strategy portfolio, the bulk of which comes from 650 Fifth Avenue and the 95% ownership interest in 2 Herald Square.

Not hard to keep track of the changes in the same-store portfolio next year. Just three assets coming in 245 Park, the beautiful retail space at 760 Madison and Pace at 15 Beekman. That leads to our forecast of same-store NOI growth, which starts to show the effect of enormous occupancy gains achieved last year. But that does take time to flow through these metrics, especially cash NOI. Because the bulk of this leasing was on vacant space that needs to be built, revenue recognition from a GAAP perspective cannot start until the space is ready.

From a cash perspective, many tenants were in their free rent periods. These factors are coupled with the immediate effect of the tenant vacates I referred to earlier, holding back some of the same-store NOI growth, but overall, the portfolio is trending in a very positive direction.

The exciting next chapter in our debt preferred equity platform is clearly the successful launch of our first ever fund, a huge goal of ours, congrats to the team who got that accomplishment done and a warm welcome to our new fund investors. Ultimately, we will invest a total of $100 million into the fund in the form of an existing investments or new cash.

For purposes of earnings, we've assumed that we earn fees [ph] as GP (02:27:21) of the fund, which you will see in other income, along with recognizing our share of investment returns. Outside of the fund, we will continue to maintain a portfolio of mortgages, mezz loans, preferred equity positions and other loans that don't fit the parameters of the fund. I also expect us to continue to source attractive opportunities in non-controlling class, CMBS securities, utilizing a new repurchase facility to enhance our leverage returns.

The debt business has been a fundamental part of our platform since the late 1990s and at one point it generated over $200 million revenue to the company per year, while the revenue generates today smaller than it once was, but we expect the opportunities to invest in this portfolio will be plentiful, which will serve as yet another engine of profitability in the years to come.

The increasing diversity of our income streams is evident in what we still call other income, which is expected to grow to nearly $95 million. This now excludes profit from the SUMMIT operator, which will be broken out separately.

The income you see here, some of the highest margin, highest multiple business on our platform generated by third-party management, leasing, construction and financing fees, including the new fees [ph] as GP (02:28:31) of the fund, lease termination income, and the special servicing business that generates almost $26 million a year, up substantially from this past year. Hats off to Andrew Falk. He's a man that doesn't get into the spotlight very often. He's probably the last man on planet Earth. He uses interoffice envelopes. In fact, he is getting a lot of recognition today and he deserves that.

The final component on the revenue side of the guidance equation, net profit generated by SUMMIT operator, net profit, including management fees paid to us by the operator. Remember, this is just the operator, net of base rent and percentage rent SUMMIT pays to One Vanderbilt. It also doesn't include anything related to SUMMIT Global yet.

SUMMIT One Vanderbilt is one of the top destinations in New York City, contributing meaningful earnings to our bottom line. Revenues will grow to over $136 million next year, with expenses very well contained. Like all of you,

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I can't wait to see what the future holds for SUMMIT as a global worldwide sensation that truly goes global in the years to come.

Moving onto expenses, where reduced debt at both the property and corporate levels, a rigid hedging strategy. Falling interest rates for what a little exposure we have, result in absolute cash interest expense trending lower in 2025.

Digging into the components, there you see the enormous reduction in cash interest expense of over 10%, $38 million of which is just savings from a lower line of credit balance. For accounting purposes, much of this cash savings is offset by reduced capitalized interest that I'll touch on more in a second. Added to interest expense, we have preferred dividends, which are down slightly due to redemptions and the [ph] fund nerdy (02:30:08) categories of amortization of deferred financing costs [indiscernible] (02:30:10) impactful non-real estate depreciation.

I want to spend a minute on capitalized interest again this year because it is a somewhat bizarre concept, but it is impactful. Simply put, we have fewer development properties next year. You can see that here. 625 Madison was essentially a vacant development property until we sold it in May. 760 Madison is complete. And with a smaller ASP portfolio, $20 million less capitalization at those properties next year.

Finally, G&A, where we continue to maintain overhead levels that are comparatively low relative to our peers, particularly given the growing platform, and we strive to maintain and retain and reward the most talented employees in the industry. Taking care of our employees is a fundamental mission-critical focus for this management team. To reward and incentivize them, we use both cash and stock-based compensation throughout the organization and deep into the employee ranks.

We believe we should all stand shoulder to shoulder with you when it comes to the performance of the stock. As a result of the stock's performance, the cost of that stock-based compensation is going up, directly impacting G&A for all the right reasons, reward and retention. With that in mind, next year's G&A is still 8% below the 10-year average.

Rolling up the components of a more exciting offensive posture amid the backdrop of the strongest office market in the country, we generate over $12 a share revenue, is offset by reduced interest expense in G&A that is very well contained. And with line of sight to more opportunities to retire debt at less than par, we again layer in a very conservative $20 million of discounted debt extinguishment gains. Like this past year, I think we can achieve far more than that.

This brings us to our 2025 FFO guidance range, $5.25 to $5.55 a share, a midpoint that's about 4% higher than the Street consensus before we walked into this room. Typical roll-down of FFO to FAD where you see the increase in stock-based compensation, and straight line rent and other non-cash adjustments more than double what it was in 2024, driven by the effect of GAAP revenue recognition for tenants that are in free rent periods.

But I really want to focus on 2nd Gen Capital, projected to be $69 million higher next year. 2nd Generation Capital roughly defined as base building and leasing capital that we spend on properties we have owned for more than [ph] four (02:32:31) years. That's the bulk of our portfolio. The reality is that this capital no different than any other investment capital, especially when you're leasing up the portfolio to drive future NOI growth.

These are the largest components of 2nd Gen Capital next year. Base building maintenance capital, only $18 million and a portfolio that's over 25 million square feet. That's a testament to the quality of the portfolio and Ed

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and his operations team. The real focus of our spend, $190 million of good news investment capital related to the leasing that we have already completed or we expect to complete next year. Categorize it however you want, leasing capital is an extremely valuable investment in a portfolio whose occupancy and NOI is on the steady rise. And as occupancy rises back to a more normalized stabilized level in the mid-90s, that spending will come down dramatically.

This next slide is something you will all refer to later, basic baseline assumptions beating next year's guidance. [ph] I won't click you (02:33:25) through them. And before I give up the podium, just as my shot clock runs out and this will drive Marc over there nuts, I do want to say one thing. Sorry. It'll be short.

This is my 20th investor conference. I remember in 2004 when I started, we were at 625 Madison vacant space. We got awesome class out of 2004, Brett, Rob; our CAO, Maggie; myself, others. I want to say thanks. It's been a pretty cool experience. It's not an easy job to say the least, but it's incredibly fulfilling. And there's no question this is the best real estate company on planet Earth. There's no doubt about it. If you're in our office every day, you'd be blown away with some of our board members here and Marc here, it's been a gratifying 20 years and I appreciate it. And I just want to say thanks.

So [indiscernible] (02:34:11) podium and I'm out of time.

Thank you. With that, I will bring in our closer, the 5,000th presenter of today's agenda, Laura Jackson, our rocket scientist Tax Director. Laura?

Laura Jackson

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

Thanks, Matt. Much like SUMMIT, you too are a worldwide sensation.

Matthew J. DiLiberto

Chief Financial Officer, SL Green Realty Corp.

Oh, thank you.

Laura Jackson

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

In the tax department of a public REIT, few things are more important than our annual dividend. That said, I'd be remiss if I didn't highlight the charitable efforts of our strong and lean all-women tax team. And collectively, in 2024, our tax team raised over $500,000 to support the FDNY first responders and Rebuilding Together NYC efforts to maintain affordable housing and provide career opportunities in underserved communities.

And now, onto the dividend. In 2024, we paid $3 per share for our annual dividend. After a year of tremendous growth and outperforming expectations, we are back on the offensive, increasing our annual dividend for 2025 by 3% to $3.09 per share. We have turned the corner. How did we get to the dividend amount? REITs are required to distribute 90% of taxable income. However, in practice, REITs distribute 100% of taxable income to avoid paying tax on the remainder.

Our dividend represents a distribution of 57% of FFO. But most importantly, we are distributing 100% of our taxable income, the most relevant benchmark for a REIT dividend. The increase in our 2025 taxable income is driven by our earnings growth, the benefits we received from the diversification of our income sources and

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expected capital gains from asset sales in our business plan. We will continue to pay the dividend monthly in cash, providing our shareholders the benefit of higher returns through more frequent distributions.

If we look back to the end of the global financial crisis, you can see a long-term pattern of delivering robust dividends, a derivative of our strong portfolio of assets and our relentless drive to execute our annual business plan. In 2020, we switched our quarterly dividend monthly as a prudent cash management tool. In 2023 and 2024, [audio gap] (02:36:24) annual dividend [audio gap] (02:36:25) executing the business plan.

As you can see, we are headed back in the right direction. We are on solid ground coming off an exceptional year and we are eager to continue sharing our earnings growth with our shareholders. But it's not just earnings growth. The trailblazing growth in our share price reflected here in our simple return metric is setting the pace among our peers. The strength and resilience of our portfolio continues to propel shareholder returns, solidifying our position as a leader in the market. By layering our dividend onto our exceptional share price growth, we deliver a total return to shareholders that stands out creating shareholder value.

When we last met in December 2023, our dividend yield of 7.5% was at the high end of the commercial business district office peer set, due to an undervalued stock of $40.20. But a lot can happen in SL Green here. Factoring in our new dividend at $3.09 per share and our closing stock price of $75.16 on December 6, our 4.1% dividend yield remains attractive and significantly higher than our New York office peers, some of which have reduced their dividends.

And now, I'd like to welcome back up Marc for the annual scorecard. All right.

Marc Holliday

Chairman, Chief Executive Officer & Interim President, SL Green Realty Corp.

All right. Well done. Well done. I hope that wasn't a retirement speech and I hope that was just a 20-year acknowledgment. Caught me off guard there. Oh, great. Fantastic. So, thank you, Laura. That was tremendous. You and your all female team have been a pleasure to work with since you joined a number of years ago. We've got the best finance team out there in the market.

And now, we're in the homestretch. We're going to go to school, 2024 report card. See how we did last year. This year that we're winding up, we had 18 different categories, 20 different goals and objectives. All of them, you have to predict a year in advance, all of them sort of at or above guidance, all of them hard to achieve.

How do we do it? Let's look at leasing. Well, all green pastures on leasing. I don't know how that happened, but we were able to not only exceed Manhattan office, leases signed 3.5 million feet, we exceeded by 1.5 million. It was the third highest ever in our 27 years as a public company, only exceeded by 2012 when we leased 1.5 million square feet to Viacom and 2013 when we leased 2.5 million square feet to Citigroup. But for those two years, this would have been the highest of all time. And we're not done yet. We still have three weeks left.

Same-store occupancy and mark-to-market, 90 basis points of outperformance on occupancy and positive mark-to-market, above the high-end of the range. Investments, you heard Harry talk about the closing of the – of our debt fund and we're rounding out our commitments to $1 billion plus. So that was a very satisfying conclusion to nine months of hard work. Fund deployment, we've got a yellow one there, $115 million of DPE already done this year, $35 million more to go to meet our target or exceed. And we've got some real pipeline there. So, we'll let you know in January how we did at the end of this year.

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Dispositions, $850 million dispositions, probably more than anybody else in the city, but still short of our $1.45 billion goal. And that's only because we decided to hold back on 245 Park [ph] if (02:40:14) the leasing is exceeding by large margin in our expectations. We're going to get that building fully leased, fully cranked up. There's more work to do there in 2025. Get the work substantially underway and then roll it back out for probably at a price point higher than we originally anticipated it reflective of the extreme value creation there.

Under development, we had four specific development goals. One Madison was one of them in terms of leasing. So, we'll go next and expose those. And you can see two red, two green. 75% was the target, depending on one lease pending will end just a touch shy at either 66% to 73%, depending when that lease closes. We say December 31, Steve says Jan 1. We'll see.

760 Madison condo sales [ph] are all sold out (02:41:06) record levels, closing notices out, closings commenced this week. 245 Park I mentioned earlier. 750 Third Avenue, you heard from Rob were launched. On Downstate Casino, we're at the mercy of Albany. Albany has set June 2025 as the hard date for submissions.

I hope we stay there. We expect to put all of our efforts as of Jan 1 right into that project and hopefully we'll prevail and be able to transform Times Square the way it should be with the best casino, I think in the country in the world. SUMMIT, we got Paris done. We have another one this year, heard from Rob, good news is there's three or four more he's negotiating. But, those will have to wait a few more months.

Financial performance. I think this was basically all green. But for same-store NOI, set a very high bar for Matt. He told me not to do it. I did it anyway, 1% to 2%. He did exceed the high-end of his own goal, but missed by a bit on that. But reduction of debt, far exceeded extension or modified. That was big numbers. Didn't know if we had to get everything done and [ph] we did end (02:42:22) well. And discounted debt gains, we exceeded by a wide margin, 4 times more [ph] DPOs (02:42:28) than we anticipated. Short interest, I think we started the year at 25%, ended at around 10.5%. You don't want to be short green, too often because that's a dangerous place to be in. That sort of dovetails in with total return to shareholders. Second year running, we were the number one REIT, not just office REIT. Number one REIT at $1 billion or more in terms of total return.

Number one in 2023, number one year-to-date in 2024. I think we're up another 4% or 5% today. So thank you to everybody. And, that's really, I guess, the exclamation point on the report card. So now let's talk about next year. 2024 is done and closed from this perspective, although we got 22 more days. But, let's talk about where we go from here. Leasing, we have the same trio of goals for this year. It's going to be – we'll reveal what our leasing goals are there. 2 million square feet.

So we've got 900,000 feet of pipeline. 2 million square feet is going to be tall order, especially on the heels of 3.5 million feet. Remember, the more and more we lease, the less and less vacant space we have. So that's a lot of leasing and we're going to start working on that right away. Same-store occupancy and the mark-to-market, you can see you go hand-in-hand, 70 basis points of projected increase in our occupancy and about – and yeah, we expect to be positive again on mark-to-market next year. On investments, we've got dispositions, schedule that Matt just went through of a $1 billion of sales in JVs, acquisitions back on the field, $250 million of acquisitions. But really it's the next three that I think are most exciting.

We're going to go long and try to deliver this time next year. One new large scale development site under contract. We're tracking many. We're close on some and we hope to be able to put one under contract for the next transformative ground up development in line with what we've been doing in the recent past. 750 Third, we want to capitalize that project in the way, Rob – what I think was $800 million projects. That's a lot of capital we've got to go get on the road and start raising.

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One Madison is kind of a – raise the bar as high as possible. They're 90% leased by year-end. And, really get that down to just maybe one podium floor left. On the [ph] downstate casino license, fourth time will be the charm (02:45:13) here as we've been tracking this since 2021, [ph] that's (02:45:20) how long the delays have been, but it is coming. SUMMIT, Rob, two more. Okay serve them up. I went easy, could have said three, but we'll take two. That would be a great extension of the brand.

Under financial performance, same-store NOI, Matt, again. This time you can't miss 1% to 2%, all right. It's going to be all green next year. Discounted debt gains, again, target $50 million, hope to exceed. Special servicing, $17.5 billion under management. That for Mr. Falk, is a $4.5 billion net new under management, including, that which is rolling off. So, a lot of work to do there.

And then total return to shareholders, well, you look at these two years we've had, but I look at the 11 quarters this company has traded between $120 and $150 a share. And I got to tell you something, the portfolio we have today is incomparable to the portfolios we had in the past, in terms of its quality, in terms of the growth potential in the portfolio, and then you layer that under a set of market metrics, which I think are going to be some of the best market metrics we've seen. I said earlier since the 1990s, and I believe that.

That trio is very powerful. I would be remiss if I told you we were all satisfied or comfortable with where we are now. And it's my goal to maintain top of the pack status in 2025. So that's going to be our goal there is to try to replicate this year with market leading and sector leading returns.

And then finally, ESG, you heard Amanda deliver a very powerful message on our involvement in underserved youth employment. So this year, we're going to make a goal to hire permanently, not internships, [ph] four full time SUMMIT Green (02:47:32) let's put them to work, let's do our part to train next generation of young people, both college bound and non.

I want to note the clock says 11:53. But it's [ph] both (02:47:52) under 11:55 and we are done. That's it.

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QUESTION AND ANSWER SECTION

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

So, we're going to now take some Q&A. Recall, there was a card in front of you guys that has a URL if you want to submit the question. Hopefully, you did throughout the conference. If not, submit it now. If for some reason you don't want to submit your question, you can ask it live.

I'm going to bring up a couple of the few of the speakers from today. Come on up, join me up here. There's roving mics. And if there's anything that we got on the URL, please put it up on the screen. And the screens are blank. So, does that mean there's no questions?

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

That can't be.

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

That can't be correct. That's a malfunction of the URL. So, we'll take the questions live. If there's any – here we go. We see, we got mics here. Just do me a favor, speak the question into the mic because we got a lot of people on the webcast who want to hear it.

Blaine Heck
Analyst, Wells Fargo Securities LLC
Q

You got it. Blaine Heck from Wells Fargo. Can you just talk about whether you expect the Park Avenue corridor to continue to lead the market from a rent growth perspective in 2025? Or are there other spillover markets that could show better growth from maybe a lower base?

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

Steve.

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

Yeah. I don't see any slowdown in Park Avenue at all. But I think you're already starting to see improvement in some of the other submarkets. Sixth Avenue in particular it's got a lot of leasing velocity. I think you're going to see rents start to push there.

But I think you got to go back to the slides that I presented. It's not just all the submarkets, other parts of buildings where you're seeing this premium rent being paid across all classes of buildings for tower floors. That supply will start to get eaten up and then what should naturally will happen is that price point will start to move down into the mid-rise for us. So, sort of this – the rising tide lifts all boats.

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

Next.

John P. Kim
Analyst, BMO Capital Markets Corp.
Q

Good morning. John Kim with BMO. So, your leasing target next year of 2 million square feet is pretty strong.

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

Yeah.

John P. Kim
Analyst, BMO Capital Markets Corp.
Q

The occupancy goal of 93.2% seems to be a little bit conservative or light. Where do you think occupancy goes in 2026?

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

I got to tell you, light is a matter of perspective. To be 93.2% in a market that, depending on your metrics is about 15% vacant is not an easy task. 70 basis points of net gain in occupancy in a given year, that's a pretty good – with 92.5% is where we're ending [ph] at Matt (02:50:28)...

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

[indiscernible] (02:50:29)

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

Where we're ending the year?

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

This year at 92.5%.

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

Yeah. So, 70 basis points of net gain, that's – I think that's – I wouldn't underestimate what it takes because we have rolled. We've got to renew as much of that roll. And then we've got to fill up some vacant space. And some of the leasing we're doing is not in same-store. So remember that also, like One Madison...

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

One Madison is...

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

...is not in. So, we're doing all that leasing to go from where we are today to 90% leased. That's not even in the 93.2% just through the cruelty of the way that stat is calculated.

So, 2 million feet is a historically big number for us. And I'd be happy with – I want to exceed it, but I'd be happy to get that [ph] through (02:51:12) right now. If we end on a same-store basis, 93.2% plus we're 90% in One Mad, maybe we should feel pretty good about that, in my opinion. But you're right, it's not 94%, 95% or 95%, and that's where we're going. You just can't get there in one year. Any other questions?

Alexander Goldfarb
Analyst, Piper Sandler & Co.
Q

[indiscernible] (02:51:30).

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

Oh, sorry. [indiscernible] (02:51:31).

Alexander Goldfarb
Analyst, Piper Sandler & Co.
Q

Alex Goldfarb, Piper Sandler. Question on street retail. You clearly have articulated a comeback in that, all the large deals and the individual deals. But on an ongoing basis especially given the historic volatility, do you see individual Street Retail being a permanent part of the portfolio or those sort of individual lease type assets are more trading, like you buy the under leased ones, you redo it, sell it off. So really, the only Street Retail that you're keeping is your amenity stuff versus the one-off. Just trying to understand that?

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

Certainly, the appreciation in retail assets is, capturing what the market is today, not like it was back in the past where you had many owners that held properties generationally. They didn't know that rents were going to – far, grow into the future, into the future. Right now, we're focused on the amenity and retail, focused on upgrading the office buildings. I think that there are certain locations. Times Square is primed for a comeback for sure. If the casino comes to Times Square, there's certain markets that you could still see the big appreciation. But as far as the High Street goes, we're sort of monitoring on the sideline for any of the retail investment buys that we've done sort of in 2010 and beyond.

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

Yeah, I'm going to go long and say, I mean, we're in the funds management business now. Got a very valuable asset this company has today. It didn't have a year ago. That's a – it's a fully vetted funds manager. We're going to roll out funds. We're not – this isn't just about SLG opportunity fund number one. I can definitely see scenarios where retail plays an important part of a open or close-ended retail fund that's either a value add or core given the attraction globally right now to this amazing retail.

So retail has always played a part in this portfolio since 2005. The only harvesting was in response to market dynamics, which Brett ran you through. But now it's back and we're going to take advantage of it. We should take

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advantage of it more than anybody else. And we have vehicles now to deliver high-quality credit retail to global investors via our funds management. And I think it's got real potential along with other asset classes we'll be looking at doing the same. Steve, is there a mic?

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

A

Over here.

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

A

Over here. Right over here.

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

A

Over here.

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

A

Just with the mic over here. And remember, read it into the mic please.

Steve Sakwa
Analyst, Evercore ISI

Q

Hi. Thanks. Steve Sakwa. Could you just maybe comment a little bit more on the $250 million of acquisition? I know you're talking about going that off. And so I'm just wondering, can I help dataset pipeline. And just...

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

A

Yeah.

Steve Sakwa
Analyst, Evercore ISI

Q

...you talked about a $1 billion of this go $250 million. Is that dilutive? Is that flat. Is that accretive just in kind of the guidance.

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

A

Well, let me get to first question. Because I got to think about the dilution. We said want to put a large development under contract. So, I would look to that as kind of the first in this year of acquisition. That doesn't mean that's the only types or questions with types, but I'm saying if we put one spectacular site under contract that would probably satisfy dual roles. In terms of the other kinds of things we're orienting to, Harry?

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.

A

Yeah, I think it's important to know. I mean, as an investment team, we spent the past few years mostly working the existing portfolio. We're now in a great spot to go out and be opportunistic. I mean, that's a lot of what I was talking about earlier. We're mining. We have a chart that we track weekly of almost every opportunity on the

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market, off the market. What deals are potential that that could be in default? And we're tracking every single deal to figure out, which ones we can go after and acquire, whether it be office retail or the like. I think, look, the 500 Park is the perfect example of outside of a development site and the perfect example of the types of deals we're looking to do. Deals that are well leased or have the opportunity to reposition. And deals where we see a big appreciation in exit cap rates over the next three to five years.

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

A

I mean, 500 Park. Great example of that type of purchase a land. A land site that I alluded to, we'll – we're going to be active in the office to resi conversion space beyond 750. It's not going to be like our only – we're going to do office to resi conversion. We worked hard to get the dynamics set for that opportunity and you would should expect we'll be out there looking for new opportunities in that space. Retail, we talked about and there's other. So it's hard to categorize it, where will it be and where will it come from. But we should put out more than $0.25 billion of equity in new acquisitions in 2025, that's the goal.

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

A

And Steve, just from a guidance perspective, these are structural. We don't have $1 billion of disposition in our guidance. We don't have $250 million of acquisitions in our guidance. These are stretched. The assumptions page will show you what's in there. These are aspirational. We expect that the other opportunities we haven't identified. We don't have large scale redevelopment acquisition in our base case. So, these are – those goals, same-store NOI goals are supposed to be above and beyond what feeds the guidance, those two particular.

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

A

One more thing to note there too is, partner – existing partner acquisitions. You saw us do at 10 East 53rd Street earlier this year. We announced this morning the option agreement on 100 Park. One of the best opportunities sitting right in front of us is our existing portfolio. We know these assets better than anything we could know. And there's just opportunities in front of us with existing partners that in certain circumstances we make a mutual agreement to take by their interests. So, those opportunities are in front of us. You may see us do more of those in 2025.

A

Another question...

Q

Right, over here.

A

Go.

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Q

Right over here.

A

Sorry about that. Left side of the room.

Michael A. Griffin
Analyst, Citigroup Global Markets, Inc.

Q

Okay. Michael Griffin with Citi. First of all, great job with the presentation. Really enjoyed the memes.

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

A

Thank you.

Michael A. Griffin
Analyst, Citigroup Global Markets, Inc.

Q

Matt, I didn't realize you were so good at Photoshop, so, well done. My question probably is best for Harry. You referenced in one of your slides, kind of the investor compositions, private capital, international, institutional, and then the REITs. Seems like that private capital bucket is really growing. I'm wondering if you can give us a sense maybe why institutional and international capital, that bucket has shrunk and then maybe where you see kind of the opportunity sets for those different capital partners relative to kind of private capital trending over the next couple of years.

Harrison Sitomer
Chief Investment Officer, SL Green Realty Corp.

A

Yeah. In terms of why the dynamic has shifted, a lot of it is sentiment driven. We see institutions, you know, very often they lag behind where the market is headed and the underlying fundamentals. Can't tell you how many times I've gone into an institutional meeting where they reference headlines from 12, 18, 24 months ago.

And in many cases, it's the private investors who you've seen us transact with, whether it be Japanese family offices, whether it be domestic, who just – they can move – they're much more nimble. They can move to the facts that are on the ground. They hear our story. They don't have to get through seven layers of committee approvals to get to a point where they can make investments. And that's a lot of the reason why we have a very different dynamic of market participants today.

An example of that is that trade just two weeks ago, 799 Broadway. That was an asset that traded to a family office. You know, those are the types of groups that are just more active right at this moment. I will say, though, as I mentioned in my presentation, that dynamic is starting to shift. We've already – the fund that we're raising is mostly institutional capital.

These are groups that we go through a long process with to get them comfortable with the strategies we're deploying, but ultimately, we see the dynamic going back to a more normalized levels, but for us, the goal is the next 12, 18, 24 months to try to take advantage of the opportunity in front of us. That's – that's why we're so excited about next year.

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

A

Okay. We've got one question on the screen we'll get through in the second. I know there's one coming right here from the – or two. Two right here. No, three, four – push back lunch, guys. All right. Let's go.

Vikram Malhotra
Analyst, Mizuho Securities USA LLC

Q

Hi. Vikram Malhotra with Mizuho. So just two questions. You talked a lot about the DPE book. Can you just give us a sense of what types of investments are you seeing? How big could that become say relative to the last time it had peaked? And then second, you also referenced TIs in your markets, or incentives potentially, I guess, coming down. Can you talk about where you see that trending?

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

A

Okay.

Vikram Malhotra
Analyst, Mizuho Securities USA LLC

Q

And just one comment. I do agree with you with the SUMMIT. I've personally been here four times this year with family members...

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

A

Thank you.

Vikram Malhotra
Analyst, Mizuho Securities USA LLC

Q

...so, it's great.

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

A

Thank you very much. So, on the DPE book, Harry had that and I would refer you back, there was the circle of investment, which is really the categories that we're focusing on right now. And we're really focusing on performing and sub-performing loans. I think it's where the best risk-adjusted returns are. There's a lot of that business out there. There's both investment opportunity for that. The yields are good and if they're first mortgage position, there's some leverage available for it. We obviously, you know, generally or never, we don't lever our subordinate positions with...

A

We have a lot of new investments coming – you know, people are buying buildings again, not like you saw a couple of years ago. There's a lot of new trades. So it allows us to re-underwrite those properties where they should price today and originate new loans as well at a reset basis. So those trades are coming back as well. It's not just looking at the situations where there are moments of distress.

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

A

So we're looking at portfolio trades, we're looking at CMBS, we're looking at new origination. I mean, it's everything that was on that chart. It's hard to – it's a vast market out there, $75 billion of mortgages maturing on commercial office in New York City, we're after a couple of billion of that $75 billion. So you just try to make the smartest investments at the right spots, at the right price, utilizing your relationships. And we have a good track record of doing so. And that's where the focus is [indiscernible] (03:02:42) we'll answer. But I want to save a little bit for the January. We'll have an investor call in like four weeks. We'll go through a leasing market in more depth. I want to keep a little more strategic.

But I think as it relates to the comment about winnowing concessions, it's two things. Steve said, big blocks use – big users out there with big requirements, very small amount of big box space available in Core Midtown and no new inventory, which I had talked about. That's it. That's the recipe book for – if you have people with big demands and not a lot of big blocks available and no new inventory, it's kind of self-fulfilling that the negotiating leverage kind of shifts in favor of the landlords. And we think we're going to get both rents and that effect is up in 2025 for that reason.

Another question here, and then one in the front. Go there first then in the front.

Q

Thanks. [indiscernible] (03:03:39). Question on cap rates and return expectations. Obviously, the 500 Park Avenue transaction at a 6.8% cap rate, you're talking about returns of 15% for your debt fund. Maybe talk a little bit about where you see New York City cap rates for office today and where are stabilized returns when you're looking three years down the pipe?

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

A

Cap rates are all over the place and it just depends a lot on the asset in the submarket. I kind of gave you our view, my view of cap rates into 2025 when I put up the NAV. I think a 5% to 6% cap rate for the kinds of assets we're talking about is quite executable. And that's where the market should be. In asset like 500, remember, it's been owned 40 years.

We're going to come in and do what we do in terms of upgrades, amenities and try to drive those rents $10, $15 a foot higher to then bring those cap rates in line with what I'm talking about for a building like that.

So when I talk about 5% or 6%, that's for repositioned properties that we trade on a stabilized basis. Non-stabilized buildings or non-repositioned properties might be between 6% and 7%. So I'd say 6% and 7% for non-stabilized or non-repositioned or non-amenitized or some other thing that would hold it back, 5% to 6% for the better properties.

And as we just saw, sub-5% for the best. And I think that's where cap rates are. What's the other part of the question?

Q

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[indiscernible] (03:05:20)

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

A

Well, when you say 15%, you can't compare debt and equity in my mind that way because debt is – [ph] you got a bit (03:05:28) of duration when you look at investment. So, debt, sure, levered 15% but two- to four-year duration. Equity is perpetual.

And so we look at asset allocation, and as asset allocators, we are equity-centric. We're not a debt company. We do debt. We do it quite well. And we have the funds to take advantage of the market. But it's a closed-end fund. You put the money out, make the returns, money comes back, everybody decides how to redeploy. So I don't really compare those directly.

I think the credit markets for what we're trying to do right now, levered 15% is the appropriate metric. I think the market will tighten over time...

Ronald Kamdem
Analyst, Morgan Stanley & Co. LLC

Q

Ronald Kamdem, Morgan Stanley. Just a quick follow-up on the asset-light business model. If you could just remind us of all the streams you've created where you are today and if you have a long-term goal of where you're going to be in a 3, 5, 10-year period?

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

A

Matt, do you have sort of a...

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

A

Well, I mean – I talked a little bit about where other income. We got to start calling it other income, I guess, because it's getting so big. But it's $95 million. I harkened back the days where I think it was closer like $40 million pre asset-light strategy or just generating incremental fee income.

Where do we expect it to go? I mean, it's – with the fund now getting up to speed and I would suffice to guess that it's not going to be our last fund continuing to get more special servicing business that income stream should continue to grow [indiscernible] (03:06:45) being additional assets. Where it goes? I wouldn't put a limit on at this point. But having grown from $40 million to $95 million in a span of probably five to six years, it's pretty exponential and it's not close to done.

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

A

I mean, I think by next year when we see how many summits are open and when we see where the funds business expansion opportunities are for follow-on funds, have a better answer for that than what we have prepared here right now. But...

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

A

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Yeah.

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

...suffice it to say, office was 100%. And I mean, I don't have a target. Where's it going? $90 million, $87 million. We don't have that kind of target at the moment. Maybe we will in the near term. But the goal is to diversify the income streams, which we are doing. And we will have a better view on where we think those proper allocations are as the businesses grow, and we see what has more growth potential than another. I think it's how I would leave that. Maybe one or two more questions. I think there was one right here.

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

Mike?

Michael Lewis
Analyst, Truist Securities, Inc.
Q

I'll be quick. This is Mike Lewis at Truist. Matt, you were distinguishing between some of the goals that are in the guidance. I was just wondering...

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

Yeah.

Michael Lewis
Analyst, Truist Securities, Inc.
Q

...there are $50 million of discounted debt gains in the FFO guidance that you gave and is that related to the refi on 750 Third?

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

No. So, I had $20 million of debt gains in guidance, same as last year. And we set the goal at $50 million for this year, same as we did last year. And last year, when we put $50 million up as against $20 million in guidance, you said that sounds pretty lofty. We did $210 million. So, we obviously wouldn't put it in guidance and wouldn't put it in the goal if we didn't have good line of sight whether there are more opportunities. We mind a lot of them this year, so the portfolio of opportunities does decline over time. But there we are working at some right now. We just closed one last week that wouldn't have been in a – wasn't in a program 30 days ago.

Michael Lewis
Analyst, Truist Securities, Inc.
Q

And just to clarify, there is no debt on 750, it's an unencumbered asset?

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

Right.

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

Is there any more questions from the audience? We got one on the screen. Okay. So, the one on the screen, FAD guidance of $172 million implies $2.29 a share. How can – how is that relatable or sustainable with a dividend of $3.09...

[indiscernible] (03:09:07)

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

...increasing leverage. What's that?

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

It sounds like a question for Brett.

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

Yeah, let me take it.

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

Yeah. Yeah.

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

I'll take that one. Here is a very well-known fact I think or should be. FAD and the dividend have absolutely nothing to do with each other. Our dividend is set based on tax [audio gap] (03:09:27), no better evidence of that than this year. FAD is also not operating cash flow. It's got GAAP throughout it. So, FAD's a very interesting reference point as FFO is, doesn't really signify anything important. And then, this year I had to make the point of saying and FAD also includes this one category of investment capital. But for whatever reason, other investment capital is included. So, you could say take all that stuff out, put other stuff in, it does not affect the dividend, right? Laura went through, it's taxable income.

So, where does the dividend come from? Most of the cash comes from transactions, right. We are heavy transaction oriented. So, we run our business plan. It spits out, here's our taxable income. We employ as much protection as we can. But we felt like in line with earnings guidance, we should also be increasing the dividend. And Fed, we increased occupancy by 300 plus basis points this year, its vacant space. That's a lot of what we call second gen capital. Why that's included in Fed and other isn't, I don't know, but that's what people use. It is not a benchmark for the dividend. The dividend is funded through operations and transactions. That's how it's derived. And over time, will Fed increase because occupancy will eventually get back to the mid-90s and we'll have to spend less second gen capital, yes. For this year, I think you want us spending that much to get that kind of occupancy pick up.

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

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I taught him.

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

A

Yeah. Thank you, Brett.

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

A

Okay. I think that...

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

A

...prepared me for that question.

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

A

To put it in my words, as we get to stabilize occupancy, the Fed's going to increase significantly to the extent Feds a measure to cover not just dividend. But, I focus not on Fed for the reason I say focus on cash flow. And we're in a regrouping stage right now and you harvest at the top. We harvest big gains. We've always been more gains oriented than pure cash flow oriented because we're value creators. Not a lot of cash flow sometimes when you're creating value in One Vanderbilt, One Madison, 760, it's called no cash flow. But we create a lot of value at the end and we harvest, we reinvest. We've been doing it for 27 years. And I think we have pretty good line of sight on not only how do we fund the dividend, but all of our activities over that period of time. And as I said earlier, I think our liquidity position, balance sheets, are among the best shape I've seen it in quite some time.

So, that's – there's another statement in that question that came in. I think it's a good idea, actually, for all the people who have professional clothing that are still on the work from home contributed to our interns for business attire.

So, when I say throw it out there, when we do our business drive, Amanda, this year, make sure you reach out to our sell side folks and see if they have any attire they want to contribute.

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

Thank you for your attention today, involvement. There's a lot of thank you's you've got to put out there. Image Media does a great job presenting the hundreds and hundreds of slides. And you see hundreds and hundreds, maybe thousands of hours go into preparing this. Heidi Gillette always there for us, the commander of the ship. You did a great job.

Again, Atlantic Pictures gives us an assist on the videos. Berlin Rosen messaging. Thank you. All you guys, but mostly thank you to my team. It's a great team, long tenured team, a team that really cares. You can only do something like this presentation if people really care and are ready to grind and put the effort in on top of all the other stuff that was going on at year-end. So, great job to all who I know are listening in, which is about the whole company. Thank you to the board for being the best board in the public realm. And it's been an exciting journey. Steve Green, our Founder right here. And it's great to have and great to have you in the room, Steve, and look forward to a little toast later today.

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So that's it. Thank you. See everybody down at La Tête d'Or. I hope you guys will make it. Unbelievable new restaurant that we opened two weeks ago. I think – unbelievable media reception, critical reception. Great food, great environment. Enjoy it down there and make sure you get – stop at Watches of Switzerland, I guess, on the way down. And those guys are ready and waiting. It's Christmas time. Don't hold back, all right?

I'll see you guys later. Thank you.

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