

SL GREEN REALTY CORP
Form 10-K
February 28, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended December 31, 2010

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission File Number: 1-13199

SL GREEN REALTY CORP.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

420 Lexington Avenue, New York, NY 10170
(Address of principal executive offices Zip Code)

13-3956755
(I.R.S. Employer
Identification No.)

(212) 594-2700

(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

| Title of Each Class | Name of Each Exchange on Which Registered |
|---|--|
| Common Stock, \$0.01 par value | New York Stock Exchange |
| 7.625% Series C Cumulative Redeemable Preferred Stock, \$0.01 par value, | New York Stock Exchange |

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\$25.00 mandatory liquidation preference
7.875% Series D Cumulative Redeemable
Preferred Stock, \$0.01 par value,
\$25.00 mandatory liquidation preference

New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|--|---|--|
| Large accelerated filer <input checked="" type="checkbox"/> | Accelerated filer <input type="checkbox"/> | Non-accelerated filer <input type="checkbox"/> | Smaller Reporting Company <input type="checkbox"/> |
| | | (Do not check if a smaller reporting company) | |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of February 15, 2011, there were 78,931,227 shares of the Registrant's common stock outstanding. The aggregate market value of the common stock, held by non-affiliates of the Registrant (73,048,888 shares) at June 30, 2010 was \$4.0 billion. The aggregate market value was calculated by using the closing price of the common stock as of that date on the New York Stock Exchange.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for its 2011 Annual Stockholders' Meeting to be to be filed within 120 days after the end of the Registrant's fiscal year, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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SL Green Realty Corp. is a self-managed real estate investment trust, or REIT, with in-house capabilities in property management, acquisitions, financing, development, construction and leasing. We were formed in June 1997 for the purpose of continuing the commercial real estate business of S.L. Green Properties, Inc., our predecessor entity. S.L. Green Properties, Inc., which was founded in 1980 by Stephen L. Green, our Chairman, had been engaged in the business of owning, managing, leasing, acquiring and repositioning office properties in Manhattan, a borough of New York City, or Manhattan. Reckson Associates Realty Corp., or Reckson, and Reckson Operating Partnership, L.P., or ROP, are subsidiaries of SL Green Operating Partnership, L.P., our operating partnership.

As of December 31, 2010, we owned the following interests in commercial office properties in the New York Metropolitan area, primarily in midtown Manhattan. Our investments in the New York Metropolitan area also include investments in Brooklyn, Queens, Long Island, Westchester County, Connecticut and New Jersey, which are collectively known as the Suburban assets:

| Location | Ownership | Number of Properties | Square Feet | Weighted Average Occupancy ⁽¹⁾ |
|-----------|---------------------------|----------------------|-------------|---|
| Manhattan | Consolidated properties | 22 | 15,141,945 | 91.8% |
| | Unconsolidated properties | 8 | 7,182,515 | 95.3% |
| Suburban | Consolidated properties | 25 | 3,863,000 | 81.9% |
| | Unconsolidated properties | 6 | 2,941,700 | 94.3% |
| | | 61 | 29,129,160 | 91.6% |

(1) The weighted average occupancy represents the total leased square feet divided by total available square feet.

As of December 31, 2010, our Manhattan properties were comprised of fee ownership (23 properties), including ownership in condominium units, and leasehold ownership (seven properties). As of December 31, 2010, our Suburban properties were comprised of fee ownership (30 properties) and leasehold ownership (one property). We refer to our Manhattan and Suburban office properties collectively as our portfolio.

We also own investments in 11 retail properties encompassing approximately 405,362 square feet, four development properties encompassing approximately 465,441 square feet and three land interests. In addition, we manage four office properties owned by third parties and affiliated companies encompassing approximately 1.3 million rentable square feet.

Our corporate offices are located in midtown Manhattan at 420 Lexington Avenue, New York, New York 10170. As of December 31, 2010, our corporate staff consisted of approximately 250 persons, including 190 professionals experienced in all aspects of commercial real estate. We can be contacted at (212) 594-2700. We maintain a website at www.slgreen.com. On our website, you can obtain, free of charge, a copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as practicable after we file such material electronically with, or furnish it to, the Securities and Exchange Commission, or the SEC. We have also made available on our website our audit committee charter, compensation committee charter, nominating and corporate governance committee charter, code of business conduct and ethics and corporate governance principles. You can also read and copy any materials we file with the SEC at its Public Reference Room at 100 F Street, NE, Washington, DC 20549 (1-800-SEC-0330). The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

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Unless the context requires otherwise, all references to the "Company," "we," "our" and "us" in this annual report means SL Green Realty Corp., a Maryland corporation, and one or more of its subsidiaries, including SL Green Operating Partnership, L.P., a Delaware limited partnership, or the operating partnership, and the predecessors thereof, or the SL Green Predecessor, or, as the context may require, SL Green Realty Corp. only or SL Green Operating Partnership, L.P. only, and "S.L. Green Properties" means S.L. Green Properties, Inc., a New York corporation, as well as the affiliated partnerships and other entities through which Stephen L. Green has historically conducted commercial real estate activities.

Corporate Structure

In connection with our initial public offering, or IPO, in August 1997, our operating partnership received a contribution of interests in real estate properties as well as a 95% economic, non-voting interest in the management, leasing and construction companies affiliated with S.L. Green Properties. We refer to the management, leasing and construction entities as the "Service Corporation." We are organized so as to qualify and have elected to qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code.

Substantially all of our assets are held by, and all of our operations are conducted through, our operating partnership. We are the sole managing general partner of, and as of December 31, 2010, were the owner of approximately 98.43% of the economic interests in, our operating partnership. All of the management and leasing operations with respect to our wholly-owned properties are conducted through SL Green Management LLC, or Management LLC. Our operating partnership owns a 100% interest in Management LLC.

In order to maintain our qualification as a REIT while realizing income from management, leasing and construction contracts with third parties and joint venture properties, all of these service operations are conducted through the Service Corporation, a consolidated variable interest entity. We, through our operating partnership, own 100% of the non-voting common stock (representing 95% of the total equity) of the Service Corporation. Through dividends on our equity interest, we expect to receive substantially all of the cash flow from the Service Corporation's operations. All of the voting common stock of the Service Corporation (representing 5% of the total equity) is held by a Company affiliate. This controlling interest gives the affiliate the power to elect all directors of the Service Corporation. Since July 1, 2003, we have consolidated the operations of the Service Corporation into our financial results as we have determined that we are the primary beneficiary. Effective January 1, 2001, the Service Corporation elected to be taxed as a taxable REIT subsidiary.

Business and Growth Strategies

SL Green Realty Corp. is the largest owner and operator of commercial office properties in the borough of Manhattan in New York City. We also control a significant amount of premier Manhattan retail properties both within our office buildings and in our free-standing retail portfolio. Outside of our direct property ownership platform, we are a sizeable investor in debt and preferred equity investments, investing primarily in Manhattan office assets. Our portfolio also includes office properties in Queens, Brooklyn and New York City's surrounding suburban markets.

Our primary business objective is to maximize the total return to stockholders, through growth in funds from operations and through asset value appreciation during any business cycle.

Our core business is the ownership of high quality office buildings that are strategically located in close proximity to midtown Manhattan's primary commuter stations. We are led by a strong, experienced management team that provides a foundation of skills in all aspects of property ownership and management including leasing, operations, capital improvements, repositioning and maintenance. It is with this team that we have achieved a market leading position in our targeted submarkets.

With these exceptional skills and knowledge base, we have also been able to take advantage of attractive investment opportunities in additional submarkets and in the retail sector.

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We seek to enhance the value of our company by executing strategies that include the following:

Leasing and property management capitalizing on our extensive presence and knowledge of the marketplaces in which we operate.

Acquiring office and retail properties and selectively using joint venture capital to enhance returns and reduce investment risk.

Investing in high-yielding debt and preferred equity positions, generating strong risk-adjusted returns, increasing breadth of market insight, building key market relationships and sourcing potential future property acquisition opportunities.

Executing dispositions that harvest equity generated through management's value enhancing activities, thereby providing a continuing source of capital for reinvestment.

Leasing and Property Management

We seek to capitalize on our management's extensive knowledge of the Manhattan and suburban markets and the needs of our tenants through proactive leasing and management programs, which include: (i) use of in-depth market experience resulting from managing and leasing 29 million square feet of office and retail space, predominantly in Manhattan; (ii) careful management to ensure adequate average lengths of leases and manageable lease rollovers; (iii) utilization of an extensive network of third-party brokers; (iv) use of comprehensive building management analysis and planning; and (v) commitment to tenant satisfaction by providing high quality tenant services at attractive rental rates.

It is our belief that our proactive leasing efforts have directly contributed to our average portfolio occupancy consistently exceeding the market average.

Property Acquisitions

We acquire core properties for long-term appreciation and earnings growth. Non-core properties are typically held for shorter periods during which we attempt to create significant increases in value. This strategy has resulted in capital gains that increase our investment capital base.

Through an intimate knowledge of our markets and operating base we have developed a keen ability to source transactions with superior risk-adjusted returns by capturing off-market opportunities that lead to acquisitions at meaningful discounts to replacement costs. In rising markets, we acquire strategic vacancies that provide the opportunity to taking advantage of our exceptional leasing capability to increase cash flow and property value. In stable or falling markets, we target assets featuring credit tenancies with fully escalated in-place rents to provide cash flow stability near-term and the opportunity for increases over time.

In acquiring core and non-core properties, directly or through joint ventures with a predominance of high quality institutional investors, we believe that we have the following advantages over many of our competitors: (i) senior management's average 24 years of experience leading a full-service, fully-integrated real estate company focused on the Manhattan office market; (ii) the ability to offer tax-advantaged structures to sellers through the exchange of ownership interests as opposed to solely cash transactions; and (iii) the ability to close transactions quickly despite complicated ownership structures.

Property Repositioning

Our knowledge of the leasing markets and our ability to efficiently plan and execute capital projects provide the additional capability to enhance returns by repositioning acquired retail and commercial office properties that are underperforming. Many of the retail and commercial office buildings we own or would seek to acquire feature unique architectural design elements, large floor plates, unique amenities and characteristics that can be appealing to tenants when fully exploited. Our strategic reinvestment in such buildings, combined with our active

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management and pro-active leasing, provide the opportunity to creatively meet market needs and generate favorable returns.

Debt and Preferred Equity Investments

We seek to invest in high-yield debt and preferred equity investments. Our knowledge of our markets and our leasing and asset management expertise provide underwriting capabilities that enable highly educated assessments of risk and return. The benefits of this investment program, which has a carefully managed aggregate size generally not to exceed 10% of our total enterprise value, include the following:

Our typical investments generally provide high current returns and, in certain cases, a potential for future capital gains.

In certain cases, these investments may also serve as a potential source of real estate acquisitions for us. This is particularly true when a property's current ownership seeks an efficient off-market transaction, because ownership will know that we have already gained knowledge of the asset as a lender, and that we can close quickly if we believe such acquisition would be beneficial.

The largest concentration of these investments is in Manhattan, which helps us to gain market insight and awareness of upcoming and active investment opportunities and support for key relationships that may provide access to future investment opportunities.

Property Dispositions

We continuously evaluate our properties to identify those most suitable to meet our long-term earnings growth objectives and contribute to increasing portfolio value. Properties that no longer meet our objectives are identified as non-core holdings and are targeted for sale to release equity created through management's value enhancement programs or to take advantage of opportune market valuations.

Capital generated from these dispositions is efficiently re-deployed into property acquisitions and investments in high-yield debt and preferred equity investments that we expect will provide enhanced future capital gain and earnings growth opportunities.

Competition

The leasing of real estate is highly competitive, especially in the Manhattan office market. We compete for tenants with landlords and developers of similar properties located in our markets primarily on the basis of location, rent charged, services provided, balance sheet strength and the design and condition of our properties. Although currently no other publicly traded REIT has been formed primarily to acquire, own, reposition and manage Manhattan commercial office properties, we may in the future compete with such other REITs. In addition, we face competition from other real estate companies including other REITs that currently invest in markets other than or in addition to Manhattan, private real estate funds, domestic and foreign financial institutions, life insurance companies, pension trusts, partnerships, individual investors and others that may have greater financial resources or access to capital than we do or that are willing to acquire properties in transactions which are more highly leveraged or with different financial attributes than we are willing to pursue.

Manhattan Office Market Overview

Manhattan is by far the largest office market in the United States, containing more rentable square feet than the next five largest central business district office markets combined. The properties in our portfolio are concentrated in some of Manhattan's most prominent midtown locations.

Manhattan has a total inventory of 392.7 million square feet, including 241.5 million square feet in midtown. Based on current construction activity, we estimate that midtown Manhattan will have approximately 2.0 million

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square feet of new construction becoming available in the next two years, approximately 26.8% of which is pre-leased. This will add approximately 0.5% to Manhattan's total inventory.

General Terms of Leases in the midtown Manhattan Markets

Leases entered into for space in the midtown Manhattan markets typically contain terms which may not be contained in leases in other U.S. office markets. The initial term of leases entered into for space in excess of 10,000 square feet in the midtown markets is generally seven to fifteen years. The tenant often will negotiate an option to extend the term of the lease for one or two renewal periods of five years each. The base rent during the initial term often will provide for agreed-upon periodic increases over the term of the lease. Base rent for renewal terms, and base rent for the final years of a long-term lease (in those leases which do not provide an agreed upon rent during such final years), often is based upon a percentage of the fair market rental value of the premises (determined by binding arbitration in the event the landlord and the tenant are unable to mutually agree upon the fair market value). Leases may contain termination options whereby tenants can terminate their lease obligations generally, upon payment of a penalty.

In addition to base rent, the tenant will generally also pay its pro rata share of increases in real estate taxes and operating expenses for the building over a base year. In some leases, in lieu of paying additional rent based upon increases in building operating expenses, the tenant will pay additional rent based upon increases in the wage rate paid to porters over the porters' wage rate in effect during a base year, increases in the consumer price index over the index value in effect during a base year, or a fixed percentage increase over base rent.

Electricity is most often supplied by the landlord either on a sub-metered basis or rent inclusion basis (i.e., a fixed fee is included in the rent for electricity, which amount may increase based upon increases in electricity rates or increases in electrical usage by the tenant). Base building services other than electricity (such as heat, air conditioning and freight elevator service during business hours, and base building cleaning) typically are provided at no additional cost, with the tenant paying additional rent only for services which exceed base building services or for services which are provided other than during normal business hours.

In a typical lease for a new tenant, the landlord will deliver the premises with all existing improvements demolished and any asbestos abated. The landlord also typically will provide a tenant improvement allowance, which is a fixed sum that the landlord makes available to the tenant to reimburse the tenant for all or a portion of the tenant's initial construction of its premises. Such sum typically is payable as work progresses, upon submission of invoices for the cost of construction. However, in certain leases (most often for relatively small amounts of space), the landlord will construct the premises for the tenant.

Occupancy

The following table sets forth the weighted average occupancy rates at our office properties based on space leased as of December 31, 2010, 2009 and 2008:

| Property | Percent Occupied as of December 31, | | |
|---|--|-------|-------|
| | 2010 | 2009 | 2008 |
| Manhattan Properties | 92.9% | 95.0% | 96.7% |
| Same-Store Properties ⁽¹⁾ | 91.5% | 93.5% | 95.3% |
| Unconsolidated Joint Venture Properties | 95.0% | 95.1% | 95.0% |
| Portfolio | 91.6% | 93.6% | 95.2% |

⁽¹⁾ Same-Store Properties for 2010 represents 44 of our 47 consolidated properties owned by us at January 1, 2009 and still owned by us at December 31, 2010.

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Rent Growth

We estimated that rents in place, at December 31, 2010, in our Manhattan and Suburban consolidated properties were approximately 5.0% and 5.1%, respectively, below current market asking rents. We estimated that rents in place at December 31, 2010 in our Manhattan and Suburban properties owned through unconsolidated joint ventures were approximately 16.3% and 9.3%, respectively, below current market asking rents. These comparative measures were approximately 4.9% and 4.5% at December 31, 2009 for the consolidated properties and 10.4% and 0.3% for the unconsolidated joint venture properties. As of December 31, 2010, approximately 34.7% and 32.1% of all leases in-place in our consolidated properties and unconsolidated joint venture properties, respectively, are scheduled to expire during the next five years. There can be no assurances that our estimates of current market rents are accurate, that market rents currently prevailing will not erode in the future or that we will realize any rent growth. However, we believe the degree that rents in the current portfolio are below market provides a potential for long-term internal growth.

Industry Segments

We are a REIT that acquires, owns, repositions, manages and leases commercial office and retail properties in the New York Metropolitan area and have two reportable segments: real estate and debt and preferred equity investments. We evaluate real estate performance and allocate resources based on earnings contribution to income from continuing operations.

At December 31, 2010, our real estate portfolio was primarily located in one geographical market, namely, the New York Metropolitan area. The primary sources of revenue are generated from tenant rents and escalations and reimbursement revenue. Real estate property operating expenses consist primarily of security, maintenance, utility costs, real estate taxes and ground rent expense (at certain applicable properties). As of December 31, 2010, one tenant in our portfolio contributed approximately 8.0% of our portfolio annualized rent. No other tenant contributed more than 5.9% of our portfolio annualized rent. Portfolio annualized rent includes our consolidated annualized revenue and our share of joint venture annualized revenue. No property contributed in excess of 8.0% of our consolidated total revenue for 2010. In addition, two debt and preferred equity investments each accounted for more than 10.0% of the revenue earned on debt and preferred equity investments at December 31, 2010. Our industry segments are discussed in Note 19, "Segment Reporting" in the accompanying consolidated financial statements.

Employees

At December 31, 2010, we employed approximately 1,027 employees, over 191 of whom were managers and professionals, approximately 776 of whom were hourly-paid employees involved in building operations and approximately 60 of whom were clerical, data processing and other administrative employees. There are currently three collective bargaining agreements which cover the workforce that services substantially all of our properties.

Acquisitions

During 2010, we acquired 125 Park Avenue for an aggregate purchase price of \$330.0 million, including the assumption of \$146.25 million of mortgage debt. We also completed the foreclosure of the senior mezzanine loan at 100 Church Street. Through a joint venture, we acquired 600 Lexington Avenue for \$193.0 million, including the assumption of \$49.85 million of mortgage debt. We also closed on the remaining 45% joint venture interests in the leased fee at 885 Third Avenue and 2 Herald Square and the entire leased fee interest at 292 Madison Avenue for an aggregate investment of \$349.7 million, including the assumption of \$265.6 million of mortgage debt.

Dispositions

During 2010, we sold 19 West 44th Street for a gross contract price of approximately \$123.2 million. We recognized a gain of approximately \$35.5 million on the sale of this property, which encompassed 0.3 million

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square feet. We also sold our partnership interest in 1221 Avenue of the Americas for total consideration of \$577.4 million and recognized a gain of approximately \$126.8 million on the sale of our interest.

Debt and Preferred Equity Investments

During 2010, we originated or acquired approximately \$520.7 million in debt and preferred equity investments (net of discount), inclusive of accretion of discount and pay-in-kind interest. We also recorded approximately \$342.5 million in sales, repayments, participations, foreclosures and loan loss reserves in 2010. Included in this was approximately \$20.9 million of loan loss reserves.

Offering/Financings

In January 2010, we sold 5,400,000 shares of our Series C preferred stock. The net proceeds from this offering (approximately \$122.0 million) was used to repurchase unsecured debt and for other corporate purposes.

In March 2010, we issued \$250.0 million principal amount of 7.75% senior unsecured notes, due 2020, at par. The net proceeds from the offering (approximately \$246.9 million) were used to repay certain of our existing indebtedness, make investments in additional properties, and for general corporate purposes.

In October 2010, we issued \$345.0 million aggregate principal amount of 3.00% exchangeable senior notes due October 2017 at par. The net proceeds from the offering (approximately \$336.5 million) were used to repay certain of our existing indebtedness, make investments in additional properties, and for general corporate purposes.

During 2010, we also closed on 12 mortgages and other loans payable, which are collateralized by our real estate and debt investments, totaling approximately \$1.3 billion.

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ITEM 1A. RISK FACTORS

Declines in the demand for office space in New York City, and in particular midtown Manhattan, as well as our Suburban markets, including Westchester County, Connecticut, New Jersey and Long Island, resulting from general economic conditions could adversely affect the value of our real estate portfolio and our results of operations and, consequently, our ability to service current debt and to pay dividends to stockholders.

Most of our commercial office properties are located in midtown Manhattan. As a result, our business is dependent on the condition of the New York City economy in general and the market for office space in midtown Manhattan in particular. Weakness in the New York City economy could materially reduce the value of our real estate portfolio and our rental revenues, and thus adversely affect our cash flow and ability to service current debt and to pay dividends to stockholders. We could also be affected by similar weakness in our suburban markets.

We may be unable to renew leases or relet space as leases expire.

When our tenants decide not to renew their leases upon their expiration, we may not be able to relet the space. Even if tenants do renew or we can relet the space, the terms of renewal or reletting, including the cost of required renovations, may be less favorable than current lease terms. As of December 31, 2010, approximately 6.0 million and 3.1 million square feet, representing approximately 34.7% and 32.1% of the rentable square feet, are scheduled to expire by December 31, 2015 at our consolidated properties and unconsolidated joint venture properties, respectively, and as of December 31, 2010, these leases had annualized escalated rental income totaling approximately \$283.8 million and \$157.4 million, respectively. We also have leases with termination options beyond 2015. If we are unable to promptly renew the leases or relet the space at similar rates, our cash flow and ability to service debt and pay dividends to stockholders could be adversely affected.

The expiration of long term leases or operating sublease interests could adversely affect our results of operations.

Our interests in seven commercial office properties are through either long-term leasehold or operating sublease interests in the land and the improvements, rather than by ownership of fee interest in the land. These properties are 673 First Avenue, 420 Lexington Avenue, 461 Fifth Avenue, 711 Third Avenue, 625 Madison Avenue, 1185 Avenue of the Americas, all in Manhattan, and 1055 Washington Avenue, Stamford, Connecticut. We have the ability to acquire the fee position at 461 Fifth Avenue for a fixed price on a specific date. Unless we can purchase a fee interest in the underlying land or extend the terms of these leases before their expiration, we will lose our right to operate these properties upon expiration of the leases, which would significantly adversely affect our results of operations. The average remaining term of these long-term leases as of December 31, 2010, including our unilateral extension rights on each of the properties, is approximately 42 years. Our share of annualized escalated rents of these properties at December 31, 2010 totaled approximately \$240.2 million, or 24%, of our share of total portfolio annualized revenue.

Our results of operations rely on major tenants, including in the financial services sector, and insolvency, bankruptcy or receivership of these or other tenants could adversely affect our results of operations.

Giving effect to leases in effect as of December 31, 2010 for consolidated properties and unconsolidated joint venture properties, as of that date, our five largest tenants, based on square footage leased, accounted for approximately 22.3% of our share of portfolio annualized rent, with three tenants, Citigroup, Inc. (and its affiliates), Viacom International Inc. and Credit Suisse Securities (USA) LLC accounting for approximately 8.0%, 5.3% and 5.9% of our share of portfolio annualized rent, respectively. In addition, the financial services sector accounted for approximately 39% of our total annualized revenues and 38% of our square feet leased of our portfolio as of December 31, 2010. This sector continues to experience significant turmoil. If current economic conditions persist or deteriorate, we may experience increases in past due accounts, defaults, lower occupancy and reduced effective rents, particularly in respect of our financial service tenants. Our business would be adversely affected if any of our major tenants became insolvent, declared bankruptcy, are put into receivership or otherwise refused to pay rent in a timely fashion or at all.

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Adverse economic and geopolitical conditions in general and the Northeastern commercial office markets in particular could have a material adverse effect on our results of operations, financial condition and our ability to pay dividends to stockholders.

Our business may be affected by the unprecedented volatility and illiquidity in the financial and credit markets and other market or economic challenges experienced by the U.S. economy or real estate industry as a whole. As a result of the economic downturn that began in the second half of 2007, demand for office and retail space declined nationwide due to bankruptcies, downsizing, layoffs and cost cutting. Real estate transactions and development opportunities lessened compared to the period prior to the current economic downturn and capitalization rates rose. As a result, the cost and availability of credit was, and may in down markets be, adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led, and in downturn periods may lead, many lenders and institutional investors to reduce, and in some cases, cease to provide funding to borrowers, and this may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our tenants. Our business may also be adversely affected by local economic conditions, as substantially all of our revenues are derived from our properties located in the Northeast, particularly in New York, Westchester County and Connecticut. Because our portfolio consists primarily of commercial office buildings (as compared to a more diversified real estate portfolio) located principally in Manhattan, if negative economic conditions persist or deteriorate, then our results of operations, financial condition and ability to service current debt and to pay distributions to our stockholders may be adversely affected. Specifically, our business may be affected by the following conditions:

significant job losses in the financial and professional services industries, which may decrease demand for our office space, causing market rental rates and property values to be negatively impacted;

our ability to borrow on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from both our existing operations and our acquisition and development activities and increase our future interest expense;

reduced values of our properties, which may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans; and

reduced liquidity in debt markets and increased credit risk premiums for certain market participants, which may impair our ability to access capital.

These conditions, which could have a material adverse effect on our results of operations, financial condition and ability to pay distributions, may continue or worsen in the future.

We may suffer adverse consequences if our revenues decline since our operating costs do not necessarily decline in proportion to our revenue.

We earn a significant portion of our income from renting our properties. Our operating costs, however, do not fluctuate in relation to changes in our rental revenue. As a result, our costs will not necessarily decline even if our revenues do. Similarly, our operating costs could increase while our revenues stay flat or decline. In either such event, we may be forced to borrow to cover our costs, we may incur losses or we may not have cash available for distributions to our stockholders.

We face risks associated with property acquisitions.

We may acquire individual properties and portfolios of properties, including large portfolios that could significantly increase our size and alter our capital structure. Our acquisition activities may be exposed to, and their success may be adversely affected by, the following risks:

even if we enter into an acquisition agreement for a property, it is usually subject to customary conditions to closing, including due diligence investigations to our satisfaction;

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we may be unable to finance acquisitions on favorable terms or at all;

acquired properties may fail to perform as we expected;

our estimates of the costs of repositioning or redeveloping acquired properties may be inaccurate;

we may not be able to obtain adequate insurance coverage for new properties;

acquired properties may be located in new markets where we may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures; and

we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations, and therefore our results of operations and financial condition could be adversely affected.

We may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. As a result, if a liability were asserted against us arising from our ownership of those properties, we might have to pay substantial sums to settle it, which could adversely affect our cash flow. Unknown liabilities with respect to properties acquired might include:

liabilities for clean-up of undisclosed environmental contamination;

claims by tenants, vendors or other persons arising from dealing with the former owners of the properties;

liabilities incurred in the ordinary course of business; and

claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

Competition for acquisitions may reduce the number of acquisition opportunities available to us and increase the costs of those acquisitions.

We plan to continue to acquire properties as we are presented with attractive opportunities. We may face competition for acquisition opportunities from other investors, particularly private investors who can incur more leverage, and this competition may adversely affect us by subjecting us to the following risks:

an inability to acquire a desired property because of competition from other well-capitalized real estate investors, including publicly traded and privately held REITs, private real estate funds, domestic and foreign financial institutions, life insurance companies, sovereign wealth funds, pension trusts, partnerships and individual investors; and

an increase in the purchase price for such acquisition property, in the event we are able to acquire such desired property.

We rely on seven large properties for a significant portion of our revenue.

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As of December 31, 2010, seven of our properties, 420 Lexington Avenue, 220 East 42nd Street, One Madison Avenue, 485 Lexington Avenue, 1185 Avenue of the Americas, 1515 Broadway and 388-390 Greenwich Street, accounted for approximately 41% of our portfolio annualized rent, including our share of joint venture annualized rent. Our revenue and cash available for distribution to our stockholders would be materially adversely affected if any of these properties were materially damaged or destroyed. Additionally, our revenue and cash available for distribution to our stockholders would be materially adversely affected if tenants at these properties fail to timely make rental payments due to adverse financial conditions or otherwise, default under their leases or file for bankruptcy.

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The continuing threat of terrorist attacks may adversely affect the value of our properties and our ability to generate cash flow.

There may be a decrease in demand for space in New York City because it is considered at risk for future terrorist attacks, and this decrease may reduce our revenues from property rentals. In the aftermath of a terrorist attack, tenants in the New York City area may choose to relocate their business to less populated, lower-profile areas of the United States that are not as likely to be targets of future terrorist activity. This in turn could trigger a decrease in the demand for space in the New York City area, which could increase vacancies in our properties and force us to lease our properties on less favorable terms. As a result, the value of our properties and the level of our revenues could materially decline.

A terrorist attack could cause insurance premiums to increase significantly.

We maintain "all-risk" property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism) within two property insurance portfolios and liability insurance. The first property portfolio maintains a blanket limit of \$750.0 million per occurrence, including terrorism, for the majority of the New York City properties in our portfolio. This policy expires on December 31, 2011. The second portfolio maintains a limit of \$600.0 million per occurrence, including terrorism, for some New York City properties and the majority of the Suburban properties. The second property policy expires on December 31, 2011. Additional coverage may be purchased on a stand-alone basis for certain assets. We maintain liability policies which cover all our properties and provide limits of \$201.0 million per occurrence and in the aggregate per location. The liability policies expire on October 31, 2011.

In October 2006, we formed a wholly-owned taxable REIT subsidiary, Belmont Insurance Company, or Belmont, to act as a captive insurance company and be one of the elements of our overall insurance program. Belmont was formed in an effort to, among other reasons, stabilize to some extent the fluctuations of insurance market conditions. Belmont is licensed in New York to write Terrorism, NBCR (nuclear, biological, chemical, and radiological), General Liability, Environmental Liability and D&O coverage.

Terrorism: Belmont acts as a direct property insurer with respect to a portion of our terrorism coverage for the New York City properties. Effective December 31, 2010, Belmont increased its terrorism coverage from \$400 million to \$650 million in a layer in excess of \$100.0 million. In addition Belmont purchased reinsurance to reinsure the retained insurable risk not otherwise covered under Terrorism Risk Insurance Program Reauthorization and Extension Act of 2007, or TRIPRA, as detailed below.

NBCR: Since December 31, 2010, Belmont acts as a direct insurer of NBCR coverage up to \$600 million on the entire property portfolio for certified acts of terrorism above a program trigger of \$100.0 million. Belmont is responsible for a small deductible and 15% of a loss, with the remaining 85% covered by the Federal government.

General Liability: For the period commencing October 31, 2010, Belmont insures a retention on the general liability insurance of \$150,000 per occurrence and a \$2.1 million annual aggregate stop loss limit. We have secured excess insurance to protect against catastrophic liability losses above the \$150,000 retention. Prior policy years carried a higher per occurrence deductible and/or higher aggregate stop loss. Belmont has retained a third party administrator to manage all claims within the retention and we anticipate that direct management of liability claims will improve loss experience and ultimately lower the cost of liability insurance in future years. In addition, we have an umbrella liability policy of \$200.0 million per occurrence and in the aggregate on a per location basis.

Environmental Liability: Belmont insures a deductible of \$975,000 per occurrence in excess of \$25,000 on a \$25 million per occurrence/\$30 million aggregate environmental liability policy covering the entire portfolio.

As long as we own Belmont, we are responsible for its liquidity and capital resources, and the accounts of Belmont are part of our consolidated financial statements. If we experience a loss and Belmont is required to pay under its insurance policy, we would ultimately record the loss to the extent of Belmont's required payment.

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Therefore, insurance coverage provided by Belmont should not be considered as the equivalent of third-party insurance, but rather as a modified form of self-insurance.

The Terrorism Risk Insurance Act, or TRIA, which was enacted in November 2002, was renewed on December 31, 2007. Congress extended TRIA, now called TRIPRA (Terrorism Risk Insurance Program Reauthorization and Extension Act of 2007) until December 31, 2014. The law extends the federal Terrorism Insurance Program that requires insurance companies to offer terrorism coverage and provides for compensation for insured losses resulting from acts of certified terrorism, subject to the current program trigger of \$100.0 million. Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), mezzanine loans, ground leases, our 2007 unsecured revolving credit facility and other corporate obligations, contain customary covenants requiring us to maintain insurance. Although we believe that we currently maintain sufficient insurance coverage to satisfy these obligations, there is no assurance that in the future we will be able to procure coverage at a reasonable cost. In such instances, there can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from "all-risk" insurance coverage for losses due to terrorist acts is a breach of these debt and ground lease instruments allowing the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions. In addition, if lenders prevail in asserting that we are required to maintain full coverage for these risks, it could result in substantially higher insurance premiums.

We have a 49.9% interest in the property at 100 Park Avenue, where we participate with Prudential, which carries a blanket policy of \$500.0 million of "all-risk" property insurance, including terrorism coverage. We own One Madison Avenue, which is under a triple net lease with insurance provided by the tenant, Credit Suisse Securities (USA) LLC, or CS. We have a 50.6% interest in the property at 388 and 390 Greenwich Street, where we participate with SITQ, which is leased on a triple net basis to Citigroup, N.A., which provides insurance coverage directly. We monitor all triple net leases to ensure that tenants are providing adequate coverage. Other joint ventures may be covered under policies separate from our policies, at coverage limits which we deem to be adequate. We continually monitor these policies. Although we consider our insurance coverage to be appropriate, in the event of a major catastrophe, such as an act of terrorism, we may not have sufficient coverage to replace certain properties.

Our dependence on smaller and growth-oriented businesses to rent our office space could adversely affect our cash flow and results of operations.

Many of the tenants in our properties are smaller, growth-oriented businesses that may not have the financial strength of larger corporate tenants. Smaller companies generally experience a higher rate of failure than large businesses. Growth-oriented firms may also seek other office space as they develop. Dependence on these companies could create a higher risk of tenant defaults, turnover and bankruptcies, which could adversely affect our distributable cash flow and results of operations.

Debt financing, financial covenants, degree of leverage, and increases in interest rates could adversely affect our economic performance.

Scheduled debt payments could adversely affect our results of operations.

Cash flow could be insufficient to pay dividends and meet the payments of principal and interest required under our current mortgage and other indebtedness, 2007 unsecured revolving credit facility, senior unsecured notes, debentures and indebtedness outstanding at our joint venture properties. The total principal amount of our outstanding consolidated indebtedness was approximately \$5.3 billion as of December 31, 2010, consisting of approximately \$650.0 million under our 2007 unsecured revolving credit facility, \$1.1 billion under our senior unsecured notes, \$100.0 million under our junior subordinated deferrable interest debentures and approximately \$3.4 billion of non-recourse mortgages and loans payable on 21 of our investments and a recourse loan on one of our investments. In addition, we could increase the amount of our outstanding indebtedness in the future, in part by borrowing under our 2007 unsecured revolving credit facility, which had \$776.9 million available for draw as of

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December 31, 2010. Our 2007 unsecured revolving credit facility matures in June 2011 and has a one-year as-of-right extension option. As of December 31, 2010, the total principal amount of non-recourse indebtedness outstanding at the joint venture properties was approximately \$3.7 billion, of which our proportionate share was approximately \$1.6 billion.

If we are unable to make payments under our 2007 unsecured revolving credit facility, all amounts due and owing at such time shall accrue interest at a rate equal to 4% higher than the rate at which each draw was made. If a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose on the property, resulting in loss of income and asset value. Foreclosure on mortgaged properties or an inability to make payments under our 2007 unsecured revolving credit facility or our senior unsecured notes would have a negative impact on our financial condition and results of operations.

We may not be able to refinance existing indebtedness, which may require substantial principal payments at maturity. In 2011, approximately \$84.8 million of corporate indebtedness, \$216.7 million of debt on our consolidated properties and \$589.0 million of debt on our unconsolidated joint venture properties will mature. At the present time we intend to exercise extension options, repay, or refinance the debt associated with our properties on or prior to their respective maturity dates. At the time of refinancing, prevailing interest rates or other factors, such as the possible reluctance of lenders to make commercial real estate loans may result in higher interest rates. Increased interest expense on the refinanced debt would adversely affect cash flow and our ability to service debt and make distributions to stockholders. If any principal payments due at maturity cannot be repaid, refinanced or extended, our cash flow will not be sufficient in all years to repay all maturing debt.

Financial covenants could adversely affect our ability to conduct our business.

The mortgages and mezzanine loans on our properties generally contain customary negative covenants that limit our ability to further mortgage the properties, to enter into new leases without lender consent or materially modify existing leases, and to discontinue insurance coverage. In addition, our 2007 unsecured revolving credit facility contains customary restrictions and requirements on our method of operations. Our 2007 unsecured revolving credit facility and senior unsecured bonds also require us to maintain designated ratios, including but not limited to, total debt-to-assets, debt service coverage and unencumbered assets-to-unsecured debt. These restrictions could adversely affect our results of operations and our ability to make distributions to stockholders.

Rising interest rates could adversely affect our cash flow.

Advances under our 2007 unsecured revolving credit facility and certain property-level mortgage debt bear interest at a variable rate. These consolidated variable rate borrowings totaled approximately \$1.1 billion at December 31, 2010. In addition, we could increase the amount of our outstanding variable rate debt in the future, in part by borrowing under our 2007 unsecured revolving credit facility, which had \$776.9 million available for draw as of December 31, 2010. Borrowings under our 2007 unsecured revolving credit facility currently bear interest at a spread equal to the 30-day LIBOR, plus 90 basis points. As of December 31, 2010, borrowings under our 2007 unsecured revolving credit facility and junior subordinated deferrable interest debentures totaled \$650.0 million, and \$100.0 million, respectively, and bore interest at 1.18% and 5.61%, respectively. At December 31, 2010, a hypothetical 100 basis point increase in interest rates across each of our variable interest rate instruments would increase our annual interest costs by approximately \$11.0 million and would increase our share of joint venture annual interest costs by approximately \$6.7 million. Accordingly, increases in interest rates could adversely affect our ability to continue to make distributions to stockholders. We may incur indebtedness in the future that also bears interest at a variable rate or may be required to refinance our debt at higher rates, which would also reduce our ability to make distributions to stockholders.

Failure to hedge effectively against interest rate changes may adversely affect results of operations.

The interest rate hedge instruments we use to manage some of our exposure to interest rate volatility involve risk, such as the risk that counterparties may fail to honor their obligations under these arrangements. In addition,

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these arrangements may not be effective in reducing our exposure to interest rate changes. Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

No limitation on debt could adversely affect our cash flow.

Our organizational documents do not contain any limitation on the amount of indebtedness we may incur. As of December 31, 2010, assuming the conversion of all outstanding units of the operating partnership into shares of our common stock, our combined debt-to-market capitalization ratio, including our share of joint venture debt of approximately \$1.6 billion, was approximately 54.3%. Our market capitalization is variable and does not necessarily reflect the fair market value of our assets at all times. We also consider factors other than market capitalization in making decisions regarding the incurrence of indebtedness, such as the purchase price of properties to be acquired with debt financing, the estimated market value of our properties upon refinancing and the ability of particular properties and our business as a whole to generate cash flow to cover expected debt service. Any changes that increase our debt to market capitalization percentage could be viewed negatively by investors. As a result, our stock price could decrease.

Debt and Preferred Equity Investments could cause us to incur expenses, which could adversely affect our results of operations.

We owned first mortgages, mezzanine loans, junior participations and preferred equity interests in 23 investments with an aggregate net book value of approximately \$963.8 million at December 31, 2010. Such investments may or may not be recourse obligations of the borrower and are not insured or guaranteed by governmental agencies or otherwise. In the event of a default under these obligations, we may have to take possession of the collateral securing these interests. Borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce their obligations to us. Relatively high loan-to-value ratios and declines in the value of the property may prevent us from realizing an amount equal to our investment upon foreclosure or realization even if we make substantial improvements or repairs to the underlying real estate in order to maximize such property's investment potential.

We maintain and regularly evaluate financial reserves to protect against potential future losses. Our reserves reflect management's judgment of the probability and severity of losses and the value of the underlying collateral. We cannot be certain that our judgment will prove to be correct and that our reserves will be adequate over time to protect against future losses because of unanticipated adverse changes in the economy or events adversely affecting specific properties, assets, tenants, borrowers, industries in which our tenants and borrowers operate or markets in which our tenants and borrowers or their properties are located. We believe the increase in our non-performing loans in 2008 through 2010 was driven by the recent credit crisis, which adversely impacted the ability of many of our borrowers to service their debt and refinance our loans to them at maturity. We significantly increased our provision for loan losses to \$93.8 million and our direct write-offs to \$69.1 million in 2009 based upon the performance of our assets and conditions in the financial markets and overall economy, which continued to deteriorate in 2009. We recorded approximately \$19.8 million in loan loss reserves and charge offs in 2010 on debt and preferred equity investments being held to maturity and \$1.0 million on debt and preferred equity investments held for sale in 2010. If our reserves for credit losses prove inadequate, we could suffer losses which would have a material adverse affect on our financial performance, the market prices of our securities and our ability to pay dividends.

Special servicing activities could result in liability to us.

We provide special servicing activities on behalf of third parties. We have been rated by Fitch and S&P to provide such services. An intended or unintended breach of the servicing standards and/or our fiduciary duties to bondholders could result in material liability to us.

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Joint investments could be adversely affected by our lack of sole decision-making authority and reliance upon a co-venturer's financial condition.

We co-invest with third parties through partnerships, joint ventures, co-tenancies or other entities, acquiring non-controlling interests in, or sharing responsibility for managing the affairs of, a property, partnership, joint venture, co-tenancy or other entity. Therefore, we will not be in a position to exercise sole decision-making authority regarding such property, partnership, joint venture or other entity. Investments in partnerships, joint ventures, or other entities may involve risks not present were a third party not involved, including the possibility that our partners, co-tenants or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions. Additionally, our partners or co-venturers might at any time have economic or other business interests or goals, which are inconsistent with our business interests or goals. These investments may also have the potential risk of impasses on decisions such as a sale, because neither we, nor the partner, co-tenant or co-venturer would have full control over the partnership or joint venture. Consequently, actions by such partner, co-tenant or co-venturer might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in specific circumstances be liable for the actions of our third-party partners, co-tenants or co-venturers. As of December 31, 2010, our unconsolidated joint ventures owned 21 properties and we had an aggregate cost basis in these joint ventures totaling approximately \$631.6 million. As of December 31, 2010, our share of unconsolidated joint venture debt, which is non-recourse to us, totaled approximately \$1.6 billion.

Certain of our joint venture agreements contain terms in favor of our partners that could have an adverse effect on the value of our investments in the joint ventures.

Each of our joint venture agreements has been individually negotiated with our partner in the joint venture and, in some cases, we have agreed to terms that are more favorable to our partner in the joint venture than to us. For example, our partner may be entitled to a specified portion of the profits of the joint venture before we are entitled to any portion of such profits and our partner may have rights to buy our interest in the joint venture, to force us to buy the partner's interest in the joint venture or to compel the sale of the property owned by such joint venture. These rights may permit our partner in a particular joint venture to obtain a greater benefit from the value or profits of the joint venture than us, which could have an adverse effect on the value of our investment in the joint venture and on our financial condition and results of operations. We may also enter into similar arrangements in the future.

We may incur costs to comply with environmental laws.

We are subject to various federal, state and local environmental laws. These laws regulate our use, storage, disposal and management of hazardous substances and wastes and can impose liability on property owners or operators for the clean-up of certain hazardous substances released on a property and any associated damage to natural resources without regard to whether the release was legal or whether it was caused by the property owner or operator. The presence of hazardous substances on our properties may adversely affect occupancy and our ability to develop or sell or borrow against those properties. In addition to potential liability for clean-up costs, private plaintiffs may bring claims for personal injury, property damage or for similar reasons. Various laws also impose liability for the clean-up of contamination at any facility (e.g., a landfill) to which we have sent hazardous substances for treatment or disposal, without regard to whether the materials were transported, treated and disposed in accordance with law. Being held responsible for such a clean-up could result in significant cost to us and have a material adverse effect on our financial condition and results of operations.

We may incur significant costs complying with the Americans with Disabilities Act and similar laws.

Our properties may be subject to risks relating to current or future laws including laws benefiting disabled persons, and other state or local zoning, construction or other regulations. These laws may require significant property modifications in the future, which could result in fines being levied against us in the future. The

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occurrence of any of these events could have an adverse impact on our cash flows and ability to make distributions to stockholders.

Under the Americans with Disabilities Act, or ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. Additional federal, state and local laws also may require modifications to our properties, or restrict our ability to renovate our properties. We have not conducted an audit or investigation of all of our properties to determine our compliance. If one or more of our properties is not in compliance with the ADA or other legislation, then we may be required to incur additional costs to bring the property into compliance with the ADA or similar state or local laws. We cannot predict the ultimate amount of the cost of compliance with ADA or other legislation. If we incur substantial costs to comply with the ADA and any other legislation, our financial condition, results of operations and cash flow and/or ability to satisfy our debt service obligations and to pay dividends to our stockholders could be adversely affected.

Our charter documents, debt instruments and applicable law may hinder any attempt to acquire us, which could discourage takeover attempts and prevent our stockholders from receiving a premium over the market price of our stock.

Provisions of our articles of incorporation and bylaws could inhibit changes in control.

A change of control of our company could benefit stockholders by providing them with a premium over the then-prevailing market price of our stock. However, provisions contained in our articles of incorporation and bylaws may delay or prevent a change in control of our company. These provisions, discussed more fully below, are:

staggered board of directors;

ownership limitations; and

the board of director's ability to issue additional common stock and preferred stock without stockholder approval

Our board of directors is staggered into three separate classes.

The board of directors of our company is divided into three classes. The terms of the class I, class II and class III directors expire in 2013, 2011 and 2012, respectively. Our staggered board may deter a change in control because of the increased time period necessary for a third party to acquire control of the board.

We have a stock ownership limit.

To remain qualified as a REIT for federal income tax purposes, not more than 50% in value of our outstanding capital stock may be owned by five or fewer individuals at any time during the last half of any taxable year. For this purpose, stock may be "owned" directly, as well as indirectly under certain constructive ownership rules, including, for example, rules that attribute stock held by one family member to another family member. In part, to avoid violating this rule regarding stock ownership limitations and maintain our REIT qualification, our articles of incorporation prohibit ownership by any single stockholder of more than 9.0% in value or number of shares of our common stock. Limitations on the ownership of preferred stock may also be imposed by us.

Our board of directors has the discretion to raise or waive this limitation on ownership for any stockholder if deemed to be in our best interest. To obtain a waiver, a stockholder must present the board and our tax counsel with evidence that ownership in excess of this limit will not affect our present or future REIT status.

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Absent any exemption or waiver, stock acquired or held in excess of the limit on ownership will be transferred to a trust for the exclusive benefit of a designated charitable beneficiary, and the stockholder's rights to distributions and to vote would terminate. The stockholder would be entitled to receive, from the proceeds of any subsequent sale of the shares transferred to the charitable trust, the lesser of: the price paid for the stock or, if the owner did not pay for the stock, the market price of the stock on the date of the event causing the stock to be transferred to the charitable trust; and the amount realized from the sale.

This limitation on ownership of stock could delay or prevent a change in control of our company.

Debt may not be assumable.

We have approximately \$1.9 billion in unsecured corporate debt. This debt may be unassumable by a potential purchaser and may be subject to significant prepayment penalties.

Maryland takeover statutes may prevent a change of control of our company, which could depress our stock price.

Under Maryland law, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, stock exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

any person who beneficially owns 10% or more of the voting power of the corporation's outstanding shares; or

an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approves in advance the transaction by which he otherwise would have become an interested stockholder.

After the five-year prohibition, any business combination between the Maryland Corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation, voting together as a single group; and

two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

The business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer, including potential acquisitions that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

In addition, Maryland law provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" will not have voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock owned by the acquiror, by officers of the corporation or by directors who are employees of the corporation, under the Maryland Control Share Acquisition Act. "Control shares" means voting shares of stock that, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power: (i) one-tenth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority or more of all voting power. A "control share acquisition" means the

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acquisition of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

We have opted out of these provisions of the Maryland General Corporation Law, or the MGCL, with respect to business combinations and control share acquisitions by resolution of our board of directors and a provision in our bylaws, respectively. However, in the future, our board of directors may reverse its decision by resolution and elect to opt in to the MGCL's business combination provisions, or amend our bylaws and elect to opt in to the MGCL's control share provisions.

Additionally, the MGCL permits our board of directors, without stockholder approval and regardless of what is provided in our charter or bylaws, to implement takeover defenses, some of which we do not have. Such takeover defenses, if implemented, may have the effect of inhibiting a third party from making us an acquisition proposal or of delaying, deferring or preventing a change in our control under circumstances that otherwise could provide our stockholders with an opportunity to realize a premium over the then-current market price.

Future issuances of common stock, preferred stock and convertible debt could dilute existing stockholders' interests.

Our articles of incorporation authorize our board of directors to issue additional shares of common stock, preferred stock and convertible debt without stockholder approval. Any such issuance could dilute our existing stockholders' interests. Also, any future series of preferred stock may have voting provisions that could delay or prevent a change of control of our company.

Changes in market conditions could adversely affect the market price of our common stock.

As with other publicly traded equity securities, the value of our common stock depends on various market conditions, which may change from time to time. Among the market conditions that may affect the value of our common stock are the following:

the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;

our financial performance; and

general stock and bond market conditions.

The market value of our common stock is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash dividends. Consequently, our common stock may trade at prices that are higher or lower than our net asset value per share of common stock. If our future earnings or cash dividends are less than expected, the market price of our common stock could diminish.

Market interest rates may have an effect on the value of our common stock.

If market interest rates go up, prospective purchasers of shares of our common stock may expect a higher distribution rate on our common stock. Higher market interest rates would not, however, result in more funds for us to distribute and, to the contrary, would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to go down.

Limitations on our ability to sell or reduce the indebtedness on specific mortgaged properties could adversely affect the value of the stock.

On May 15, 2002, we acquired the property located at 1515 Broadway, New York, New York. Under a tax protection agreement established to protect the limited partners of the partnership that transferred 1515 Broadway to us, we have agreed not to take certain action that would adversely affect the limited partners' tax positions before December 31, 2011. We acquired the property located at 625 Madison Avenue, New York, New York on

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October 19, 2004 and have agreed not to take certain action that would adversely affect the tax positions of certain of the partners who held interests in this property prior to the acquisition, for a period of seven years after the acquisition.

In connection with future acquisitions of interests in properties, we may agree to similar restrictions on our ability to sell or refinance the acquired properties. These limitations could have adverse consequences on our business and result in a material adverse effect on our financial condition and results of operations.

We face potential conflicts of interest.

There are potential conflicts of interest between us and Mr. Green.

There is a potential conflict of interest relating to the disposition of certain property contributed to us by Stephen L. Green, and his family in our initial public offering. Mr. Green serves as the chairman of our board of directors and is an executive officer. As part of our formation, Mr. Green contributed appreciated property, with a net book value of \$73.5 million, to our operating partnership in exchange for units of limited partnership interest in the operating partnership. He did not recognize any taxable gain as a result of the contribution. The operating partnership, however, took a tax basis in the contributed property equal to that of the contributing unitholder. The fair market value of the property contributed by him exceeded his tax basis by approximately \$34.0 million at the time of contribution. The difference between fair market value and tax basis at the time of contribution represents a built-in gain. If we sell a property in a transaction in which a taxable gain is recognized, for tax purposes the built-in gain would be allocated solely to him and not to us. As a result, Mr. Green has a conflict of interest if the sale of a property, he contributed, is in our best interest but not his.

There is a potential conflict of interest relating to the refinancing of indebtedness specifically allocated to Mr. Green. Mr. Green would recognize gain if he were to receive a distribution of cash from the operating partnership in an amount that exceeds his tax basis in his partnership units. His tax basis includes his share of debt, including mortgage indebtedness, owed by our operating partnership. If our operating partnership were to retire such debt, then he would experience a decrease in his share of liabilities, which, for tax purposes, would be treated as a distribution of cash to him. To the extent the deemed distribution of cash exceeded his tax basis, he would recognize gain.

Members of management may have a conflict of interest over whether to enforce terms of agreements with entities which senior management, directly or indirectly, has an affiliation.

Through Alliance Building Services, or Alliance, First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services, Classic Security LLC provides security services, Bright Star Couriers LLC provides messenger services, and Onyx Restoration Works provides restoration services with respect to certain properties owned by us. Alliance is partially owned by Gary Green, a son of Stephen L. Green, the chairman of our board of directors. Our company and our tenants accounted for approximately 25.1% of Alliance's 2010 estimated total revenue. The contracts pursuant to which these services are provided are not the result of arm's length negotiations and, therefore, there can be no assurance that the terms and conditions are not less favorable than those which could be obtained from third parties providing comparable services. In addition, to the extent that we choose to enforce our rights under any of these agreements, we may determine to pursue available remedies, such as actions for damages or injunctive relief, less vigorously than we otherwise might because of our desire to maintain our ongoing relationship with Gary Green.

Members of management may have a conflict of interest over whether to enforce terms of senior management's employment and noncompetition agreements.

Stephen Green, Marc Holliday, Andrew Mathias, Andrew Levine and James Mead entered into employment and noncompetition agreements with us pursuant to which they have agreed not to actively engage in the acquisition, development or operation of office real estate in the New York City Metropolitan area. For the most part, these restrictions apply to the executive both during his employment and for a period of time thereafter.

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Each executive is also prohibited from otherwise disrupting or interfering with our business through the solicitation of our employees or clients or otherwise. To the extent that we choose to enforce our rights under any of these agreements, we may determine to pursue available remedies, such as actions for damages or injunctive relief, less vigorously than we otherwise might because of our desire to maintain our ongoing relationship with the individual involved. Additionally, the non-competition provisions of these agreements despite being limited in scope and duration, could be difficult to enforce, or may be subject to limited enforcement, should litigation arise over them in the future. Mr. Green also has interests in two properties in Manhattan, which are exempt from the non-competition provisions of his employment and non-competition agreement.

Our failure to qualify as a REIT would be costly.

We believe we have operated in a manner to qualify as a REIT for federal income tax purposes and intend to continue to so operate. Many of these requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of factual matters and circumstances. These matters, some of which are not totally within our control, can affect our qualification as a REIT. For example, to qualify as a REIT, at least 95% of our gross income must come from designated sources that are listed in the REIT tax laws. We are also required to distribute to stockholders at least 90% of our REIT taxable income excluding capital gains. The fact that we hold our assets through the operating partnership and its subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize our REIT status. Furthermore, Congress and the Internal Revenue Service, which we refer to as the IRS, might make changes to the tax laws and regulations, and the courts might issue new rulings that make it more difficult, or impossible, for us to remain qualified as a REIT.

If we fail to qualify as a REIT, we would be subject to federal income tax at regular corporate rates. Also, unless the IRS grants us relief under specific statutory provisions, we would remain disqualified as a REIT for four years following the year in which we first failed to qualify. If we failed to qualify as a REIT, we would have to pay significant income taxes and would therefore have less money available for investments or for distributions to stockholders. This would likely have a significant adverse effect on the value of our securities. In addition, the REIT tax laws would no longer require us to make any distributions to stockholders.

We may change the dividend policy for our common stock in the future.

Recent Internal Revenue Service revenue procedures allow us to satisfy the REIT income distribution requirements with respect to our 2009, 2010 and 2011 taxable years by distributing up to 90% of our dividends for any such year on our common stock in shares of our common stock in lieu of paying dividends entirely in cash, so long as we follow a process allowing our stockholders to elect cash or stock subject to a cap that we impose on the maximum amount of cash that will be paid. Although we reserve the right to utilize this procedure in the future, we did not utilize it for 2009 or 2010 and we currently have no intent to do so. In the event that we pay a portion of a dividend in shares of our common stock, taxable U.S. stockholders would be required to pay tax on the entire amount of the dividend, including the portion paid in shares of common stock, in which case such stockholders might have to pay the tax using cash from other sources. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividend, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders sell shares of our common stock in order to pay taxes owed on dividends, such sales could put downward pressure on the market price of our common stock.

Our board of directors will continue to evaluate our distribution policy on a quarterly basis as it monitors the capital markets and the impact of the economy on our operations. The decision to authorize and pay dividends on our common stock in the future, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of our board of directors in light of conditions then existing, including the Company's

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earnings, financial condition, capital requirements, debt maturities, the availability of capital, applicable REIT and legal restrictions and the general overall economic conditions and other factors.

Previously enacted tax legislation reduces tax rates for dividends paid by non-REIT corporations.

Under certain previously enacted tax legislation, the maximum tax rate on dividends to individuals has generally been reduced to 15% (from January 1, 2003 through December 31, 2011). The reduction in rates on dividends is generally not applicable to dividends paid by a REIT except in limited circumstances that we do not contemplate. Although this legislation does not adversely affect the taxation of REITs or dividends paid by REITs, the favorable treatment of regular corporate dividends could cause investors who are individuals to consider stock of non-REIT corporations that pay dividends as relatively more attractive than stocks of REITs. It is not possible to determine whether such a change in perceived relative value has occurred or what the effect, if any, this legislation has had or will have in the future on the market price of our stock.

We are dependent on external sources of capital.

Because of distribution requirements imposed on us to qualify as a REIT, it is not likely that we will be able to fund all future capital needs, including acquisitions, from income from operations. We therefore will have to rely on third-party sources of capital, which may or may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings. In addition, we anticipate having to raise money in the public equity and debt markets with some regularity and our ability to do so will depend upon the general conditions prevailing in these markets. At any time conditions may exist which effectively prevent us, or REITs in general, from accessing these markets. Moreover, additional equity offerings may result in substantial dilution of our stockholders' interests, and additional debt financing may substantially increase our leverage.

We face significant competition for tenants.

The leasing of real estate is highly competitive. The principal means of competition are rent, location, services provided and the nature and condition of the facility to be leased. We directly compete with all lessors and developers of similar space in the areas in which our properties are located. Demand for retail space has been affected by the recent bankruptcy of a number of retail companies and a general trend toward consolidation in the retail industry, which could adversely affect the ability of our company to attract and retain tenants.

Our commercial office properties are concentrated in highly developed areas of midtown Manhattan and certain Suburban central business districts, or CBDs. Manhattan is the largest office market in the United States. The number of competitive office properties in Manhattan and CBDs in which our Suburban properties are located (which may be newer or better located than our properties) could have a material adverse effect on our ability to lease office space at our properties, and on the effective rents we are able to charge.

Loss of our key personnel could harm our operations.

We are dependent on the efforts of Marc Holliday, our chief executive officer, and Andrew Mathias, our president. These officers have employment agreements which expire in January 2013 and December 2013, respectively. A loss of the services of either of these individuals could adversely affect our operations.

Our business and operations would suffer in the event of system failures.

Despite system redundancy, the implementation of security measures and the existence of a Disaster Recovery Plan for our internal information technology systems, our systems are vulnerable to damages from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war and telecommunication failures. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business. We may also incur additional costs to remedy damages caused by such disruptions.

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Compliance with changing or new regulation applicable to corporate governance and public disclosure may result in additional expenses, affect our operations and affect our reputation.

Changing or new laws, regulations and standards relating to corporate governance and public disclosure, including SEC regulations and New York Stock Exchange rules, can create uncertainty for public companies. These changed or new laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We are committed to maintaining high standards of corporate governance and public disclosure. If our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, our reputation may be harmed. As a result, our efforts to comply with evolving laws, regulations and standards have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. In particular, our efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002 and the related regulations regarding our required assessment of our internal controls over financial reporting and our external auditors' audit of that assessment have required the commitment of significant financial and managerial resources. In addition, it has become more difficult and expensive for us to obtain director and officer liability insurance. We expect these efforts to require the continued commitment of significant resources. Further, our directors, chief executive officer and chief financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified directors and executive officers, which could harm our business.

Forward-Looking Statements May Prove Inaccurate

See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations Forward-looking Information" for additional disclosure regarding forward-looking statements.

ITEM 1B. UNRESOLVED STAFF COMMENTS

As of December 31, 2010, we did not have any unresolved comments with the staff of the SEC.

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ITEM 2. PROPERTIES

Our Portfolio

General

As of December 31, 2010, we owned or held interests in 22 consolidated and eight unconsolidated commercial office properties encompassing approximately 15.1 million rentable square feet and approximately 7.2 million rentable square feet, respectively, located primarily in midtown Manhattan. Certain of these properties include at least a small amount of retail space on the lower floors, as well as basement/storage space. As of December 31, 2010, our portfolio also included ownership interests in 25 consolidated and six unconsolidated commercial office properties located in Brooklyn, Queens, Long Island, Westchester County, Connecticut and New Jersey, or the Suburban assets, encompassing approximately 3.9 million rentable square feet and approximately 2.9 million rentable square feet, respectively. As of December 31, 2010, our portfolio also included 11 consolidated and unconsolidated retail properties encompassing approximately 405,362 square feet, four development properties encompassing approximately 465,441 square feet and three land interests.

The following table sets forth certain information with respect to each of the Manhattan and Suburban office and retail properties in the portfolio as of December 31, 2010:

| Manhattan/ Suburban/ Unconsolidated | SubMarket | Percentage of Portfolio | | Annualized Rent (\$'s) ⁽¹⁾ | Percentage of Portfolio Rent (%) ⁽²⁾ | Number of Tenants | Annualized | Annualized | | |
|---|-------------------------|--|--------------------------------|---|---|-------------------------|---|---|-------|--|
| | | Approximate Rentable Square Feet | Rentable Square Feet (%) | | | | Net Effective Rent Per Leased Square Foot (\$) ⁽³⁾ | Net Effective Rent Per Leased Square Foot (\$) ⁽⁴⁾ | | |
| CONSOLIDATED PROPERTIES | | | | | | | | | | |
| "Same Store"⁽¹³⁾ | | | | | | | | | | |
| 120 | West | | | | | | | | | |
| 45th Street | 1998 Midtown | 440,000 | 1 | 99.0 | 26,024,988 | 2 | 27 | 58.89 | 56.33 | |
| 220 | East | | | | | | | | | |
| 42nd Street | 1929 Grand Central | 1,135,000 | 4 | 92.4 | 46,124,292 | 5 | 34 | 44.02 | 39.66 | |
| 28 | West | | | | | | | | | |
| 44th Street | 2003 Midtown | 359,000 | 1 | 94.0 | 15,528,576 | 1 | 65 | 47.11 | 38.44 | |
| 317 | Madison | | | | | | | | | |
| Avenue | 2004 Grand Central | 450,000 | 2 | 89.5 | 21,189,252 | 2 | 80 | 47.41 | 38.65 | |
| 420 | Lexington | | | | | | | | | |
| Ave | (Gray) | 1,188,000 | 4 | 89.9 | 60,895,788 | 6 | 216 | 48.98 | 41.34 | |
| 461 | Fifth | | | | | | | | | |
| Avenue | (5) 1988 Midtown | 200,000 | 1 | 96.9 | 14,198,928 | 1 | 16 | 77.94 | 75.43 | |
| 485 | Lexington | | | | | | | | | |
| Avenue | 2006 Grand Central | 921,000 | 3 | 93.9 | 49,130,400 | 5 | 21 | 55.12 | 47.37 | |
| 555 | West | | | | | | | | | |
| 57th Street | 1971 Midtown West | 941,000 | 3 | 96.1 | 30,636,204 | 3 | 10 | 32.18 | 24.74 | |
| 609 | Fifth | | | | | | | | | |
| Avenue | 1990 Rockefeller Center | 160,000 | 1 | 85.0 | 12,947,520 | 1 | 12 | 95.11 | 94.26 | |
| 625 | Madison | | | | | | | | | |
| Avenue | 2002 Plaza District | 563,000 | 2 | 99.0 | 43,464,096 | 4 | 25 | 77.05 | 68.35 | |
| 673 | First | | | | | | | | | |
| Avenue | 1990 Grand Central | 422,000 | 1 | 99.7 | 17,853,348 | 2 | 9 | 39.86 | 38.91 | |
| 1955 | Grand Central | 524,000 | 2 | 87.6 | 25,790,304 | 3 | 15 | 52.01 | 41.44 | |

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| | | | | | | | | | | |
|--|-----------|-----------------------|-------------------|-----------|-------------|--------------------|-----------|------------|-------|-------|
| 711 Third Avenue ⁽⁵⁾⁽⁶⁾⁽⁷⁾ | | | | | | | | | | |
| 750 Third Avenue ⁽⁵⁾⁽⁶⁾⁽⁷⁾ | 2006 | Grand Central | 780,000 | 3 | 97.2 | 39,151,560 | 4 | 31 | 50.75 | 46.26 |
| 810 Seventh Avenue | 1970 | Times Square | 692,000 | 2 | 80.4 | 36,899,292 | 4 | 36 | 59.47 | 51.09 |
| 919 Third Avenue | 1970 | Grand Central | 1,454,000 | 5 | 99.9 | 83,659,788 | 4 | 14 | 57.59 | 50.73 |
| 1185 Avenue of the Americas ⁽⁵⁾ | 1969 | Rockefeller Center | 1,062,000 | 4 | 97.6 | 72,482,004 | 7 | 16 | 69.09 | 63.22 |
| 1350 Avenue of the Americas | 1966 | Rockefeller Center | 562,000 | 2 | 86.1 | 29,511,348 | 3 | 39 | 58.58 | 56.82 |
| 1 Madison Avenue | 2002 | Park Avenue South | 1,176,900 | 4 | 99.8 | 61,715,976 | 6 | 2 | 52.57 | 52.37 |
| 331 Madison Avenue | 1923 | Grand Central | 114,900 | 0 | 99.5 | 4,849,572 | 0 | 18 | 42.93 | 41.49 |
| Subtotal / Weighted Average | | | 13,144,800 | 45 | 94.4 | 692,053,236 | 63 | 686 | | |
| Adjustments | | | | | | | | | | |
| 333 West 34th Street | 2000 | Penn Station | 345,400 | 1 | 78.5 | 11,158,920 | 1 | 2 | 40.61 | 38.97 |
| 100 Church Street | 2010 | Downtown | 1,047,500 | 4 | 59.9 | 23,998,572 | 3 | 9 | 38.14 | 36.91 |
| 125 Park Avenue | 2006 | Grand Central | 604,245 | 2 | 99.1 | 33,178,848 | 3 | 21 | 55.70 | 52.55 |
| Subtotal / Weighted Average | | | 1,997,145 | 7 | 74.9 | 68,336,340 | 7 | 32 | | |
| Total / Weighted Average | | | | | | | | | | |
| Consolidated Properties⁽⁸⁾ | | | 15,141,945 | 52 | 91.8 | 760,389,576 | 70 | 718 | | |
| UNCONSOLIDATED PROPERTIES | | | | | | | | | | |
| "Same Store" | | | | | | | | | | |
| 100 Park Avenue | 2008 | Grand Central | 834,000 | 3 | 91.9 | 48,804,000 | 3 | 33 | 60.33 | 47.33 |
| 521 Fifth Avenue | 2000 | Grand Central | 460,000 | 2 | 80.7 | 20,374,416 | 1 | 44 | 53.75 | 45.71 |
| 800 Third Avenue | 2006 | Grand Central | 526,000 | 2 | 80.8 | 24,860,424 | 1 | 34 | 52.33 | 46.11 |
| 1515 Broadway | 1979 | Times Square | 1,750,000 | 6 | 98.0 | 104,418,588 | 7 | 11 | 61.93 | 44.16 |
| 388 & 390 Greenwich Street | 1986-1990 | Downtown | 2,635,000 | 9 | 100.0 | 102,945,936 | 5 | 1 | 39.07 | 39.07 |
| 1745 Broadway | 2003-2011 | Downtown | 674,000 | 2 | 100.0 | 36,538,044 | 1 | 1 | 56.68 | 56.68 |
| | | | 6,879,000 | 24 | 95.8 | 337,941,408 | 18 | 124 | | |

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Adjustments

| | | | | | | | | | |
|--|-------------------|-----------|-------------|----------------------|-----------|------------|-------|-------|--|
| 600 | | | | | | | | | |
| Lexington | | | | | | | | | |
| Avenue 2000 Plaza District | 303,515 | 1 | 84.6 | 16,411,080 | 1 | 28 | 64.73 | 52.21 | |
| Subtotal / Weighted Average | 303,515 | 1 | 84.6 | 16,411,080 | 1 | 28 | | | |
| Total / Weighted Average | | | | | | | | | |
| Unconsolidated Properties⁽⁹⁾ | 7,182,515 | 25 | 95.3 | 354,352,488 | 19 | 152 | | | |
| Manhattan Grand Total / | | | | | | | | | |
| Weighted Average | 22,324,460 | 77 | 92.9 | 1,114,742,064 | | 870 | | | |
| Manhattan Grand Total SLG | | | | | | | | | |
| share of Annualized Rent | | | | | | | | | |
| Manhattan Same Store | | | | | | | | | |
| Occupancy % Combined | 20,023,800 | 90 | 94.8 | 909,061,849 | | 89 | | | |

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| SubMarket | Built/ Acquired | SubMarket | Percentage of Portfolio | | | Annualized Rent (\$'s) ⁽¹⁾ | Percentage of Portfolio Number of Tenants ⁽²⁾ | Annualized Rent Per Square Foot (\$) ⁽³⁾ | Annualized Net Effective Rent Per Leased Square Foot (\$) ⁽⁴⁾ | |
|--|--------------------|---------------------------|----------------------------------|--------------------------|-------------|---------------------------------------|--|---|--|-------|
| | | | Approximate Rentable Square Feet | Rentable Square Feet (%) | Leased (%) | | | | | |
| CONSOLIDATED PROPERTIES | | | | | | | | | | |
| Adjustments | | | | | | | | | | |
| 1100 King Street 1-6 International Drive | 1983-1986 | Rye Brook, Westchester | 540,000 | 2 | 74.7 | 11,671,968 | 1 | 27 | 29.13 | 26.16 |
| 520 White Plains Road | 1979 | Tarrytown, Westchester | 180,000 | 1 | 72.5 | 3,466,920 | | 8 | 27.32 | 27.11 |
| 115-117 Stevens Avenue | 1984 | Valhalla, Westchester | 178,000 | 1 | 84.9 | 2,923,860 | | 13 | 22.12 | 12.69 |
| 100 Summit Lake Drive | 1988 | Valhalla, Westchester | 250,000 | 1 | 60.6 | 3,423,819 | | 8 | 22.59 | 26.45 |
| 200 Summit Lake Drive | 1990 | Valhalla, Westchester | 245,000 | 1 | 92.4 | 6,277,236 | 1 | 7 | 28.28 | 27.63 |
| 500 Summit Lake Drive | 1986 | Valhalla, Westchester | 228,000 | 1 | 76.2 | 4,081,776 | 1 | 6 | 25.45 | 19.89 |
| 140 Grand Street | 1991 | White Plains, Westchester | 130,100 | | 94.4 | 4,062,888 | 1 | 10 | 36.66 | 28.56 |
| 360 Hamilton Avenue | 2000 | White Plains, Westchester | 384,000 | 1 | 90.5 | 12,006,192 | 1 | 15 | 34.83 | 31.62 |
| Westchester, NY Subtotal | | | 2,135,100 | 8 | 80.0 | 47,914,659 | 5 | 94 | | |
| 1-6 Landmark Square | 1973/1984 | Stamford, Connecticut | 826,000 | 3 | 88.7 | 20,445,756 | 2 | 101 | 31.34 | 26.60 |
| 680 Washington Boulevard | 1989 | Stamford, Connecticut | 133,000 | | 84.5 | 3,512,364 | | 6 | 40.15 | 30.74 |
| 750 Washington Boulevard | 1989 | Stamford, Connecticut | 192,000 | 1 | 95.4 | 6,774,792 | 1 | 7 | 38.20 | 31.55 |
| 1055 Washington Boulevard | 1987 | Stamford, Connecticut | 182,000 | 1 | 86.6 | 5,488,560 | 1 | 20 | 34.68 | 33.13 |
| 300 Main Street | 2002 | Stamford, Connecticut | 130,000 | | 89.0 | 1,802,328 | | 17 | 15.99 | 14.59 |
| 1010 Washington Boulevard | 1988 | Stamford, Connecticut | 143,400 | | 50.2 | 2,097,300 | | 15 | 31.58 | 26.60 |
| 500 West Putnam Avenue | 1973 | Greenwich, Connecticut | 121,500 | | 68.2 | 3,507,348 | | 10 | 42.31 | 40.86 |

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| | | | | | | |
|-----------------------------|------------------|----------|-------------|-------------------|----------|------------|
| Connecticut Subtotal | 1,727,900 | 5 | 84.3 | 43,628,448 | 4 | 176 |
|-----------------------------|------------------|----------|-------------|-------------------|----------|------------|

| | | | | | | |
|--|------------------|-----------|-------------|-------------------|----------|------------|
| Total / Weighted Average Consolidated Properties⁽¹⁰⁾ | 3,863,000 | 13 | 81.9 | 91,543,107 | 9 | 270 |
|--|------------------|-----------|-------------|-------------------|----------|------------|

UNCONSOLIDATED PROPERTIES

Adjustments

One

| | | | | | | | | | |
|---------------------|----------------------------|-----------|---|-------|------------|---|---|-------|-------|
| Court Square 309087 | Long Island City, New York | 1,402,000 | 5 | 100.0 | 39,819,192 | 1 | 1 | 28.41 | 28.41 |
|---------------------|----------------------------|-----------|---|-------|------------|---|---|-------|-------|

| | | | | | | | | | |
|--------------------|------------------------|---------|---|------|------------|---|----|-------|-------|
| The Meadows 508416 | Rutherford, New Jersey | 582,100 | 2 | 83.2 | 12,697,116 | 1 | 53 | 27.32 | 25.88 |
|--------------------|------------------------|---------|---|------|------------|---|----|-------|-------|

| | | | | | | | | | |
|----------------------|--------------------|---------|---|------|-----------|--|----|-------|-------|
| Court Street 3591928 | Brooklyn, New York | 317,600 | 1 | 87.5 | 9,697,680 | | 66 | 38.70 | 33.09 |
|----------------------|--------------------|---------|---|------|-----------|--|----|-------|-------|

| | | | | | | | | | |
|------------------------|-------------------|---------|---|------|------------|--|----|-------|-------|
| Jericho Plaza 20.26980 | Jericho, New York | 640,000 | 2 | 95.3 | 21,126,564 | | 34 | 36.46 | 34.27 |
|------------------------|-------------------|---------|---|------|------------|--|----|-------|-------|

| | | | | | | |
|--|------------------|-----------|-------------|-------------------|----------|------------|
| Total / Weighted Average Unconsolidated Properties⁽¹¹⁾ | 2,941,700 | 10 | 94.3 | 83,340,552 | 2 | 154 |
|--|------------------|-----------|-------------|-------------------|----------|------------|

| | | | | | | |
|---------------------------------------|-------------------|------------|-------------|-------------------------|--|--------------|
| Grand Total / Weighted Average | 29,129,160 | 100 | 91.6 | \$ 1,289,625,723 | | 1,294 |
|---------------------------------------|-------------------|------------|-------------|-------------------------|--|--------------|

| | | | | | | |
|---|--|--|--|-------------------------|------------|--|
| Grand Total SLG share of Annualized Rent | | | | \$ 1,021,532,995 | 100 | |
|---|--|--|--|-------------------------|------------|--|

Retail, Development and Land

125

| | | | | | | | | | |
|--------------------------------|-----------------------|---------|----|------|---------|---|---|-------|--|
| Chubb Way ⁽¹³⁾ 2008 | Lyndhurst, New Jersey | 278,000 | 32 | 10.7 | 642,012 | 1 | 1 | 21.50 | |
|--------------------------------|-----------------------|---------|----|------|---------|---|---|-------|--|

150

| | | | | | | | | | |
|-----------------------|------------------------|--------|----|------|---------|--|---|------|------|
| Grand Street 962/2001 | White Plains, New York | 85,000 | 10 | 15.8 | 130,015 | | 8 | 9.90 | 9.90 |
|-----------------------|------------------------|--------|----|------|---------|--|---|------|------|

7

| | | | | | | | | | |
|---------------------------|------------------------|--------|---|--|--|--|--|--|--|
| Renaissance Square 502008 | White Plains, New York | 65,641 | 8 | | | | | | |
|---------------------------|------------------------|--------|---|--|--|--|--|--|--|

141

| | | | | | | | | | |
|---------------------|-----------|--------|---|-------|-----------|---|---|--------|--------|
| Fifth Avenue 453879 | Flat Iron | 13,000 | 1 | 100.0 | 2,525,424 | 3 | 2 | 242.06 | 175.17 |
|---------------------|-----------|--------|---|-------|-----------|---|---|--------|--------|

1551-1555

| | | | | | | | | | |
|---------------|--------------|--------|---|-------|------------|---|---|--------|--------|
| Broadway 2009 | Times Square | 25,600 | 3 | 100.0 | 16,263,864 | 4 | 1 | 635.31 | 673.18 |
|---------------|--------------|--------|---|-------|------------|---|---|--------|--------|

1604

Broadway 63%