

SL GREEN REALTY CORP  
Form 8-K  
January 31, 2012

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported):

**January 31, 2012 (January 30, 2012)**

**SL GREEN REALTY CORP.**

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

**MARYLAND**

(STATE OF INCORPORATION)

**1-13199**

(COMMISSION FILE NUMBER)

**13-3956775**

(IRS EMPLOYER ID. NUMBER)

**420 Lexington Avenue  
New York, New York**

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

**10170**

(ZIP CODE)

**(212) 594-2700**

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 8.01. Other Events.**

**Summary**

On January 30, 2012, SL Green Realty Corp. (the Company) reported funds from operations, or FFO, of \$90.3 million, or \$1.02 per diluted share, for the quarter ended December 31, 2011, compared to \$77.4 million, or \$0.97 per diluted share, for the same quarter in 2010. The Company also reported FFO of \$413.8 million, or \$4.80 per diluted share, for the year ended December 31, 2011, compared to \$389.2 million, or \$4.88 per diluted share, for the year ended December 31, 2010.

Net income attributable to common stockholders totaled \$2.8 million, or \$0.03 per diluted share, for the quarter ended December 31, 2011, compared to \$7.2 million, or \$0.09 per diluted share, for the same quarter in 2010. Full year net income available to common stockholders was \$7.33 per diluted share compared with \$3.45 per diluted share in 2010.

**Operating and Leasing Activity**

For the fourth quarter of 2011, the Company reported revenues and operating income of \$328.9 million and \$167.5 million, respectively, an increase of 25.2 percent and 20.4 percent compared to \$262.8 million and \$139.1 million, respectively, for the same period in 2010.

Same-store GAAP NOI on a combined basis increased by 2.9 percent to \$696.8 million for 2011, after giving consideration to 1515 Broadway and 521 Fifth Avenue as consolidated properties, as compared to 2010. Consolidated property GAAP NOI increased by 2.7 percent to \$587.2 million and unconsolidated joint venture property GAAP NOI increased 3.5 percent to \$109.6 million.

Occupancy for the Company's stabilized, same-store Manhattan portfolio, excluding 100 Church Street, at December 31, 2011 was 95.4 percent as compared to 94.6 percent for the same period in the previous year. During the quarter, the Company signed 41 office leases in its Manhattan portfolio totaling 643,049 square feet. Twelve leases totaling 250,125 square feet represented office leases that replaced previous vacancy, and 29 office leases comprising 392,924 square feet had average starting rents of \$62.81 per rentable square foot, representing a 11.7 percent increase over the previously fully escalated rents on the same office spaces. The average lease term on the Manhattan office leases signed in the fourth quarter was 11.9 years and average tenant concessions were 5.3 months of free rent with a tenant improvement allowance of \$37.53 per rentable square foot. Of the 412,704 square feet of office leases which commenced during the fourth quarter, 57,944 square feet represented office leases that replaced previous vacancy, and 354,760 square feet represented office leases that had average starting rents of \$63.11 per rentable square foot, representing a 7.6 percent increase over the previously fully escalated rents on the same office spaces.

Occupancy for the Company's Suburban portfolio was 86.2 percent at December 31, 2011. During the quarter, the Company signed 26 office leases in the Suburban portfolio totaling 145,450 square feet. Nine leases totaling 105,921 square feet represented office leases that replaced previous vacancy, and 17 office leases comprising 39,529 square feet had average starting rents of \$31.28 per rentable square foot, representing a 3.3 percent decrease over the previously fully escalated rents on the same office spaces. The average lease term on the Suburban office leases signed in the fourth quarter was 10.4 years and average tenant concessions were 8.5 months of free rent with a tenant improvement allowance of \$38.06 per rentable square foot. Of the 84,332 square feet of office leases which commenced during the fourth quarter, 36,978 square feet represented office leases that replaced previous vacancy, and 47,354 square feet represented office leases that had average starting rents of

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\$31.13 per rentable square foot, representing a 7.7 percent decrease over the previously fully escalated rents on the same office spaces.

Significant leases that were signed during the fourth quarter included:

- Early renewal and expansion on 147,652 square feet with Bloomingdales, Inc. for 9.5 years at 919 Third Avenue;
- New lease on 126,060 square feet with Young & Rubicam, Inc. for 21 years at 3 Columbus Circle;
- New lease on 57,817 square feet with HF Management Services LLC for 20.5 years at 100 Church Street;
- New lease on 42,842 square feet with Leading Hotels of the World Ltd. for 7.6 years at 485 Lexington Avenue;

- Early renewal and expansion on 40,399 square feet with Viking Global Investors, LP for 7.6 years at 280 Park Avenue; and
- New lease on 68,949 square feet with Aeropostale for 16.2 years at 125 Chubb Way, New Jersey.

Marketing, general and administrative, or MG&A, expenses for the quarter ended December 31, 2011 were \$18.7 million, or 4.9 percent of total revenues including the Company's share of joint venture revenue.

### **Real Estate Investment Activity**

In October 2011, the Company formed a joint venture with Stonehenge Partners and entered into a contract to acquire eight retail and multifamily properties in Manhattan for \$416 million. The transaction is expected to be completed in the first quarter of 2012.

In November 2011, the Company acquired all of the interests in 51 East 42nd Street, a 142,000 square-foot office building for approximately \$80.0 million, or \$563 per square foot, inclusive of the issuance of \$2.0 million in preferred operating partnership units. With this transaction, the Company now owns all of the buildings on the block bounded by Madison and Vanderbilt Avenues between East 42nd and East 43rd streets.

In November 2011, the Company, along with The Moinian Group, formed a joint venture to recapitalize 180 Maiden Lane, a fully-leased, 1.1 million-square-foot Class A office tower, for a gross value of \$425.7 million. The consideration for the Company's 49.9 percent stake in the joint venture included \$41.0 million in cash and operating partnership units valued at \$31.7 million. Simultaneous with the closing of the recapitalization, the joint venture refinanced the existing \$344.2 million indebtedness with a five-year \$280-million mortgage which bears interest at a spread of 211 basis points over the 90-day LIBOR.

In October 2011, the Company entered into an agreement to sell the leased fee interest at 292 Madison Avenue for \$85 million. The transaction, which includes assumption by the purchaser of \$59.1 million of existing debt, is subject to certain closing conditions, including the lender's approval of the transfer of ownership. There can be no assurance as to when the conditions precedent contemplated in the sale agreement will be fulfilled, or that the transaction will be consummated.

In October 2011, the Company, along with our joint venture partner, Jeff Sutton, entered into an agreement to sell two retail condominium units at 141 Fifth Avenue for \$46.0 million. The transaction, which includes the assumption by the purchaser of \$25.0 million of existing debt, is subject to certain closing conditions, including the lender's approval of the transfer of ownership. There can be no assurance as to when the conditions precedent contemplated in the sale agreement will be fulfilled, or that the transaction will be consummated.

In November 2011, the Company, along with our joint venture partner, entered into an agreement to sell One Court Square for approximately \$472.5 million. The transaction, which includes the assumption by the purchaser of \$315.0 million of existing debt, is subject to certain conditions, including the lender's approval of the transfer of ownership. There is no assurance that the conditions precedent contemplated in the sale agreement will be fulfilled or that the transaction will be consummated at such time or at all.

In December 2011, the Company entered into an agreement to acquire the 390,000 square-foot office building located at 10 East 53rd Street through a joint venture with an institutional partner for \$252.5 million, or \$647 per square foot. This transaction, which is subject to customary closing conditions, is expected to close during the first quarter of 2012.

In December 2011, WPP's Young & Rubicam Group, signed an agreement with the Company and the Moinian Group to relocate Y&R, Wunderman and their network companies to 3 Columbus Circle. Under the agreement, the Young & Rubicam Group will occupy 339,132 square feet acquiring a 214,372-square-foot condominium interest covering floors 3-8 for \$143.6 million, or \$670 per square foot, and entering into a 20-year lease for an additional 124,760 square feet covering floors 9, 10, 18 and 19.

**Debt and Preferred Equity Investment Activity**

The Company's debt and preferred equity investment portfolio totaled \$985.9 million at December 31, 2011. During the fourth quarter, the Company purchased and originated new debt and preferred equity investments totaling \$106.9 million, all of which are directly or indirectly collateralized by New York City commercial office properties, and received \$9.1 million of proceeds from investments that were sold or repaid. The debt and preferred equity investment portfolio had a weighted average maturity of 3.0 years as

of December 31, 2011 and had a weighted average yield for the quarter ended December 31, 2011 of 9.1 percent, exclusive of loans with a net carrying value of \$84.0 million, which are on non-accrual status.

### **Financing and Capital Activity**

In November 2011, the Company closed on a \$1.5 billion revolving credit facility, which refinanced the Company's previous \$1.5 billion revolving credit facility that was set to mature in June 2012. The new investment grade facility currently bears interest at 150 basis points over LIBOR, which is based on the unsecured bond rating of Reckson Operating Partnership, L.P. The facility matures in November 2016, inclusive of the Company's one-year as of right extension option.

In November 2011, the Company closed on a 5-year, \$86.0 million mortgage at Landmark Square, Stamford, CT. The fixed rate mortgage carries a rate of 4.0%.

### **Dividends**

During the fourth quarter of 2011, the Company declared quarterly dividends on its outstanding common and preferred stock as follows:

- \$0.25 per share of common stock, which was paid on January 13, 2012 to stockholders of record on the close of business on January 2, 2012; and
- \$0.4766 and \$0.4922 per share on the Company's Series C and D Preferred Stock, respectively, for the period October 15, 2011 through and including January 14, 2012, which were paid on January 13, 2012 to stockholders of record on the close of business on January 2, 2012, and reflect regular quarterly dividends which are the equivalent of annualized dividends of \$1.9064 and \$1.9688, respectively.

### **Funds from Operations (FFO)**

FFO is a widely recognized measure of REIT performance. We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with the NAREIT definition, or that interpret the NAREIT definition differently than we do. The revised White Paper on FFO approved by the Board of Governors of NAREIT in April 2002, and subsequently amended, defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring, sales of properties and real estate related impairment charges, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. We present FFO because we consider it an important supplemental measure of our operating performance and believe that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, particularly those that own and operate commercial office properties. We also use FFO as one of several criteria to determine performance-based bonuses for members of our senior management. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets

diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, interest costs, providing perspective not immediately apparent from net income. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP), as an indication of our financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

**Same-Store Net Operating Income**

The Company presents same-store net operating income on a cash and GAAP basis because the Company believes that it provides investors with useful information regarding the operating performance of properties that are comparable for the periods presented. For properties owned since January 1, 2010 and still owned at the end of the current quarter, the Company determines GAAP net operating income by subtracting property operating expenses and ground rent from recurring rental and tenant reimbursement revenues. Cash net operating income (Cash NOI) is derived by deducting straight line and free rent from, and adding tenant credit loss allowance to, GAAP net operating income. Same-store net operating income

is not an alternative to net income (determined in accordance with GAAP) and same-store performance should not be considered an alternative to GAAP net income performance.

## SL GREEN REALTY CORP.

## STATEMENTS OF OPERATIONS-UNAUDITED

*(Amounts in thousands, except per share data)*

|   | Three Months Ended<br>December 31, |                | Year Ended<br>December 31, |                |
|---|------------------------------------|----------------|----------------------------|----------------|
|   | 2011                               | 2010           | 2011                       | 2010           |
| <b>Revenue:</b>   |                                    |                |                            |                |
| Rental revenue, net   | \$ 253,343                         | \$ 201,205     | \$ 961,935                 | \$ 782,530     |
| Escalations and reimbursement revenues                                  | 41,152                             | 28,618         | 145,596                    | 118,212        |
| Preferred equity and investment income                                  | 22,162                             | 22,383         | 120,418                    | 147,926        |
| Other income  | 12,222                             | 10,578         | 35,479                     | 35,718         |
| Total revenues  | 328,879                            | 262,784        | 1,263,428                  | 1,084,386      |
| <b>Equity in net (loss) income from</b>                                 |                                    |                |                            |                |
| unconsolidated joint ventures   | (6,080)                            | 6,682          | 1,583                      | 39,607         |
| Gain (loss) on early extinguishment of debt                             |                                    |                | 904                        | (1,900)        |
| <b>Expenses:</b>  |                                    |                |                            |                |
| Operating expenses  | 71,916                             | 57,094         | 263,709                    | 224,694        |
| Real estate taxes   | 45,497                             | 35,858         | 174,454                    | 145,830        |
| Ground rent   | 8,810                              | 7,831          | 32,919                     | 31,191         |
| Loan loss and other investment reserves, net of recoveries              | 8,592                              | 5,428          | 6,722                      | 17,751         |
| Transaction related costs   | 1,741                              | 3,433          | 5,561                      | 11,849         |
| Marketing, general and administrative                                   | 18,728                             | 20,695         | 80,103                     | 75,946         |
| Total expenses  | 155,284                            | 130,339        | 563,468                    | 507,261        |
| <b>Operating Income</b>   | <b>167,515</b>                     | <b>139,127</b> | <b>702,447</b>             | <b>614,832</b> |
| Interest expense, net of interest income                                | 78,876                             | 60,476         | 285,917                    | 230,648        |
| Amortization of deferred financing costs                                | 4,649                              | 2,598          | 14,118                     | 9,046          |
| Depreciation and amortization   | 74,951                             | 58,284         | 277,345                    | 225,193        |
| Gain on investment in marketable securities                             | (4,999)                            | (775)          | (4,866)                    | (490)          |
| Net income from Continuing Operations                                   | 14,038                             | 18,544         | 129,933                    | 150,435        |
| Net income from Discontinued Operations                                 | 1,115                              | 533            | 5,780                      | 7,064          |
| Gain on sale of discontinued operations                                 |                                    |                | 46,085                     | 35,485         |
| Equity in net gain (loss) on sale of joint venture interest/real estate | (114)                              | 1,633          | 2,918                      | 128,922        |
| Purchase price fair value adjustment                                    | 8,306                              |                | 498,195                    |                |
| Depreciable real estate reserves  | (5,789)                            | (2,750)        | (5,789)                    | (2,750)        |
| Net income  | 17,556                             | 17,960         | 677,122                    | 319,156        |
| Net income attributable to noncontrolling interests                     | (7,202)                            | (3,206)        | (29,712)                   | (18,581)       |
| Net income attributable to SL Green Realty Corp.                        | 10,354                             | 14,754         | 647,410                    | 300,575        |
| Preferred stock dividends   | (7,545)                            | (7,545)        | (30,178)                   | (29,749)       |
| Net income attributable to common stockholders                          | \$ 2,809                           | \$ 7,209       | \$ 617,232                 | \$ 270,826     |
| <b>Earnings Per Share (EPS)</b>   |                                    |                |                            |                |
| Net income per share (Basic)  | \$ 0.03                            | \$ 0.09        | \$ 7.37                    | \$ 3.47        |
| Net income per share (Diluted)  | \$ 0.03                            | \$ 0.09        | \$ 7.33                    | \$ 3.45        |

**Funds From Operations (FFO)**

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|                         |    |      |    |      |    |      |    |      |
|-------------------------|----|------|----|------|----|------|----|------|
| FFO per share (Basic)   | \$ | 1.02 | \$ | 0.97 | \$ | 4.83 | \$ | 4.90 |
| FFO per share (Diluted) | \$ | 1.02 | \$ | 0.97 | \$ | 4.80 | \$ | 4.88 |

**Basic ownership interest**

|   |  |        |  |        |  |        |  |        |
|---|--|--------|--|--------|--|--------|--|--------|
| Weighted average REIT common shares for net income per share          |  | 86,020 |  | 78,300 |  | 83,762 |  | 78,100 |
| Weighted average partnership units held by noncontrolling interests   |  | 2,306  |  | 1,249  |  | 1,985  |  | 1,321  |
| Basic weighted average shares and units outstanding for FFO per share |  | 88,326 |  | 79,549 |  | 85,747 |  | 79,421 |

**Diluted ownership interest**

|   |  |        |  |        |  |        |  |        |
|---|--|--------|--|--------|--|--------|--|--------|
| Weighted average REIT common share and common share equivalents     |  | 86,438 |  | 78,688 |  | 84,259 |  | 78,440 |
| Weighted average partnership units held by noncontrolling interests |  | 2,306  |  | 1,249  |  | 1,985  |  | 1,321  |
| Diluted weighted average shares and units outstanding               |  | 88,744 |  | 79,937 |  | 86,244 |  | 79,761 |

## SL GREEN REALTY CORP.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except per share data)

|   | December 31,<br>2011<br>(Unaudited) | December 31,<br>2010 |
|---|-------------------------------------|----------------------|
| <b>Assets</b>   |                                     |                      |
| Commercial real estate properties, at cost:   |                                     |                      |
| Land and land interests   | \$ 2,684,626                        | \$ 1,750,220         |
| Buildings and improvements  | 7,147,527                           | 5,840,701            |
| Building leasehold and improvements   | 1,302,790                           | 1,286,935            |
| Property under capital lease  | 12,208                              | 12,208               |
|   | 11,147,151                          | 8,890,064            |
| Less accumulated depreciation   | (1,136,603)                         | (916,293)            |
|   | 10,010,548                          | 7,973,771            |
| Assets held for sale  | 76,562                              |                      |
| Cash and cash equivalents   | 138,192                             | 332,830              |
| Restricted cash   | 86,584                              | 137,673              |
| Investment in marketable securities   | 25,323                              | 34,052               |
| Tenant and other receivables, net of allowance of \$16,772 and \$12,981 in 2011 and 2010, respectively  | 32,107                              | 27,054               |
| Related party receivables   | 4,001                               | 6,295                |
| Deferred rents receivable, net of allowance of \$29,156 and \$30,834 in 2011 and 2010, respectively   | 281,974                             | 201,317              |
| Debt and preferred equity investments, net of discount of \$24,996 and \$42,937 and allowance of \$50,175 and \$61,361 in 2011 and 2010, respectively | 985,942                             | 963,772              |
| Investments in and advances to unconsolidated joint ventures  | 893,933                             | 631,570              |
| Deferred costs, net   | 210,786                             | 172,517              |
| Other assets  | 737,900                             | 819,443              |
| Total assets  | \$ 13,483,852                       | \$ 11,300,294        |
| <b>Liabilities</b>  |                                     |                      |
| Mortgages and other loans payable   | \$ 4,314,741                        | \$ 3,400,468         |
| Revolving credit facility   | 350,000                             | 650,000              |
| Senior unsecured notes  | 1,270,656                           | 1,100,545            |
| Accrued interest and other liabilities  | 126,135                             | 38,149               |
| Accounts payable and accrued expenses   | 142,428                             | 133,389              |
| Deferred revenue/gain   | 357,193                             | 307,678              |
| Capitalized lease obligation  | 17,112                              | 17,044               |
| Deferred land lease payable   | 18,495                              | 18,267               |
| Dividend and distributions payable  | 28,398                              | 14,182               |
| Security deposits   | 46,367                              | 38,690               |
| Liabilities related to assets held for sale   | 61,988                              |                      |
| Junior subordinate deferrable interest debentures held by trusts that issued trust preferred securities   | 100,000                             | 100,000              |
| Total liabilities   | 6,833,513                           | 5,818,412            |
| <b>Commitments and contingencies</b>  |                                     |                      |
| Noncontrolling interests in the operating partnership   | 195,030                             | 84,338               |
| 6.0% Series H preferred units, \$0.01 par value, \$25.00 liquidation preference, 80 issued and outstanding at December 31, 2011                       | 2,000                               |                      |
| <b>Equity</b>   |                                     |                      |

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|   |    |            |               |
|---|----|------------|---------------|
| SL Green Realty Corp. stockholders' equity  |    |            |               |
| 7.625% Series C perpetual preferred shares, \$0.01 par value, \$25.00 liquidation preference,<br>11,700 issued and outstanding at both December 31, 2011 and 2010, respectively   |    | 274,022    | 274,022       |
| 7.875% Series D perpetual preferred shares, \$0.01 par value, \$25.00 liquidation preference,<br>4,000 issued and outstanding at both December 31, 2011 and 2010, respectively  |    | 96,321     | 96,321        |
| Common stock, \$0.01 par value 160,000 shares authorized, 89,210 and 81,675 issued and<br>outstanding at December 31, 2011 and 2010, respectively (inclusive of 3,427 and 3,369<br>shares held in Treasury at December 31, 2011 and 2010, respectively) |    | 892        | 817           |
| Additional paid-in capital  |    | 4,236,959  | 3,660,842     |
| Treasury stock-at cost  |    | (308,708)  | (303,222)     |
| Accumulated other comprehensive loss  |    | (28,445)   | (22,659)      |
| Retained earnings   |    | 1,704,506  | 1,172,963     |
| Total SL Green Realty Corp. stockholders' equity  |    | 5,975,547  | 4,879,084     |
| Noncontrolling interests in other partnerships  |    | 477,762    | 518,460       |
| Total equity  |    | 6,453,309  | 5,397,544     |
| Total liabilities and equity  | \$ | 13,483,852 | \$ 11,300,294 |

## SL GREEN REALTY CORP.

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

*(Amounts in thousands, except per share data)*

|  | Three Months Ended |           | Year Ended   |            |
|--|--------------------|-----------|--------------|------------|
|  | December 31,       |           | December 31, |            |
|  | 2011               | 2010      | 2011         | 2010       |
| <b>FFO Reconciliation:</b>   |                    |           |              |            |
| Net income attributable to common stockholders                     | \$ 2,809           | \$ 7,209  | \$ 617,232   | \$ 270,826 |
| <b>Add:</b>  |                    |           |              |            |
| Depreciation and amortization                                      | 74,951             | 58,284    | 277,345      | 225,193    |
| Discontinued operations depreciation adjustments                   |                    | 941       | 676          | 5,326      |
| Joint venture depreciation and noncontrolling interest adjustments | 8,005              | 7,555     | 31,179       | 32,163     |
| Net income attributable to noncontrolling interests                | 7,202              | 3,206     | 29,712       | 18,581     |
| Depreciable real estate reserves                                   | 5,789              | 2,750     | 5,789        | 2,750      |
| Loss on equity investment in marketable securities                 |                    | (682)     |              | (397)      |
| <b>Less:</b>   |                    |           |              |            |
| Gain on sale of discontinued operations                            |                    |           | 46,085       | 35,485     |
| Equity in net gain (loss) on sale of joint venture interest        | (114)              | 1,633     | 2,918        | 128,922    |
| Purchase price fair value adjustment                               | 8,306              |           | 498,195      |            |
| Depreciation on non-rental real estate assets                      | 255                | 189       | 922          | 874        |
| Funds from Operations  | 90,309             | 77,441    | 413,813      | 389,161    |
| Transaction related costs(1)                                       | 1,785              | 3,475     | 6,734        | 12,481     |
| Funds from Operations before transaction related costs             | \$ 92,094          | \$ 80,916 | \$ 420,547   | \$ 401,642 |

(1) Includes the Company's share of joint venture transaction related costs.

|   | Three Months Ended |                | Year Ended     |                |
|---|--------------------|----------------|----------------|----------------|
|   | December 31,       |                | December 31,   |                |
|   | 2011               | 2010           | 2011           | 2010           |
| <b>Operating Income:</b>                          | \$ 167,515         | \$ 136,377     | \$ 702,447     | \$ 612,082     |
| <b>Add:</b>                                       |                    |                |                |                |
| Marketing, general & administrative expense       | 18,728             | 20,695         | 80,103         | 75,946         |
| Net operating income from discontinued operations | 1,945              | 2,510          | 10,878         | 16,270         |
| Loan loss and other investment reserves           | 8,592              | 8,178          | 6,722          | 20,501         |
| Transaction related costs                         | 1,741              | 3,433          | 5,561          | 11,849         |
| <b>Less:</b>                                      |                    |                |                |                |
| Non-building revenue                              | (28,561)           | (26,238)       | (135,987)      | (162,389)      |
| (Gain) loss on early extinguishment of debt       |                    |                | (904)          | 1,900          |
| Equity in net loss (income) from joint ventures   | 6,080              | (6,682)        | (1,583)        | (39,607)       |
| <b>GAAP net operating income (GAAP NOI)</b>       | <b>176,040</b>     | <b>138,273</b> | <b>667,237</b> | <b>536,552</b> |

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|   |    |          |    |         |    |           |            |
|---|----|----------|----|---------|----|-----------|------------|
| <u>Less:</u>                                      |    |          |    |         |    |           |            |
| Net operating income from discontinued operations |    | (1,945)  |    | (2,510) |    | (10,878)  | (16,270)   |
| GAAP NOI from other properties/affiliates         |    | (50,042) |    | (6,973) |    | (155,361) | (75,980)   |
| <b>Same-Store GAAP NOI</b>                        | \$ | 124,053  | \$ | 128,790 | \$ | 500,998   | \$ 444,302 |

## SL GREEN REALTY CORP.

## SELECTED OPERATING DATA-UNAUDITED

|   | 2011     | December 31, | 2010     |
|---|----------|--------------|----------|
| <b>Manhattan Operating Data: (1)</b>                                |          |              |          |
| Net rentable area at end of period (in 000 s)                       | 24,622   |              | 22,324   |
| Portfolio percentage leased at end of period                        | 92.5%    |              | 92.9%    |
| Same-Store percentage leased at end of period (2)                   | 94.0%    |              | 94.8%    |
| Number of properties in operation                                   | 33       |              | 30       |
| Office square feet where leases commenced during quarter (rentable) | 412,704  |              | 793,667  |
| Average mark-to-market percentage-office                            | 7.6%     |              | (2.6)%   |
| Average starting cash rent per rentable square foot-office          | \$ 63.11 |              | \$ 46.19 |

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(1) Includes wholly owned and joint venture properties.

(2) Excluding 100 Church Street, which is in lease-up, occupancy would have been 95.4% and 94.6% as of December 31, 2011 and 2010, respectively.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits*

5.1 Opinion of Ballard Spahr LLP.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SL GREEN REALTY CORP.

/s/ James Mead  
James Mead  
Chief Financial Officer

Date: January 31, 2012