

SL GREEN REALTY CORP
Form 8-K
August 07, 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):

August 7, 2012 (July 25, 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)

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(212) 594-2700

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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.

On July 25, 2012, SL Green Realty Corp. (the Company) reported funds from operations, or FFO, of \$179.0 million, or \$1.92 per diluted share, for the quarter ended June 30, 2012, compared to \$92.9 million, or \$1.08 per diluted share, for the same quarter in 2011. The results reflect additional cash income of \$67.9 million, or \$0.73 per diluted share, equivalent to profit, from the recapitalization of 717 Fifth Avenue in the second quarter of 2012. Net income attributable to common stockholders totaled \$103.0 million, or \$1.14 per diluted share, for the quarter ended June 30, 2012, compared to \$526.5 million, or \$6.26 per diluted share, for the same quarter in 2011.

Operating and Leasing Activity

For the second quarter of 2012, the Company reported revenues and operating income of \$349.0 million and \$266.8 million, respectively, compared to \$298.7 million and \$162.7 million, respectively, for the same period in 2011.

Same-store NOI on a combined basis increased by 1.8 percent to \$199.5 million for 2012, after giving consideration to 1515 Broadway and 521 Fifth Avenue as consolidated properties, as compared to 2011. Consolidated property same-store NOI increased by 1.0 percent to \$169.2 million and unconsolidated joint venture property same-store NOI increased 6.9 percent to \$30.3 million.

Same-store cash NOI on a combined basis increased by 5.3 percent to \$178.9 million for 2012, after giving consideration to 1515 Broadway and 521 Fifth Avenue as consolidated properties, as compared to 2011. Consolidated property same-store cash NOI increased by 4.8 percent to \$151.3 million and unconsolidated joint venture property same-store cash NOI increased 8.3 percent to \$27.6 million.

Occupancy for the Company's stabilized, same-store Manhattan portfolio at June 30, 2012 was 93.2 percent as compared to 93.4 percent at June 30, 2011. During the quarter, the Company signed 50 office leases in its Manhattan portfolio totaling 2,251,230 square feet. Eleven leases totaling 42,174 square feet represented office leases that replaced previous vacancy, and 39 office leases comprising 2,209,056 square feet had average starting rents of \$52.63 per rentable square foot, representing a 1.3 percent increase over the previously fully escalated rents on the same office spaces, which was largely driven by the 1.6 million square foot lease with Viacom International Inc. at 1515 Broadway and the renewal of the City of New York for 372,521 square feet at 100 Church. The average lease term on the Manhattan office leases signed in the second quarter was 15.1 years and average tenant concessions were 8.2 months of free rent with a tenant improvement allowance of \$49.29 per rentable square foot.

During the quarter, 1,955,729 square feet of office leases commenced in the Manhattan portfolio, 70,537 square feet of which represented office leases that replaced previous vacancy, and 1,885,192 square feet of which represented office leases that had average starting rents of \$50.18 per rentable square foot, representing a 0.1 percent increase over the previously fully escalated rents on the same office spaces.

Occupancy for the Company's Suburban portfolio was 86.0 percent at June 30, 2012, as compared to 86.4 percent at June 30, 2011. Excluding One Court Square, which was sold subsequent to the end of the quarter, the Company's Suburban portfolio occupancy would be 82.4 percent at June 30, 2012, as compared to 82.9 percent at June 30, 2011.

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During the quarter, the Company signed 23 office leases in the Suburban portfolio totaling 239,110 square feet. Six leases totaling 22,388 square feet represented office leases that replaced previous vacancy, and 17 office leases comprising 216,722 square feet had average starting rents of \$25.69 per rentable square foot, representing a 18.9 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 second quarter was 5.1 years and average tenant concessions were 8.4 months of free rent with a tenant improvement allowance of \$12.87 per rentable square foot.

During the quarter 216,559 square feet of office leases commenced in the Suburban portfolio, 7,450 square feet of which represented office leases that replaced previous vacancy, and 209,109 square feet of which represented office leases that had average starting rents of \$25.25 per rentable square foot, representing a 20.1 percent decrease over the previously fully escalated rents on the same office spaces.

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Significant leases that were signed during the second quarter included:

- Early renewal and expansion on 1.6 million square feet with Viacom International Inc. for 15.3 years at 1515 Broadway bringing the total remaining lease term to 19 years;
- Early renewal on 372,521 square feet with The City of New York Law and Business for 20.4 years at 100 Church Street;
- Early renewal and expansion on 87,677 square feet with Cohen & Steers, Inc. for 10 years at 280 Park Avenue;
- New lease on 36,823 square feet with Yext, Inc. for 7.7 years at One Madison Avenue;
- Early renewal on 112,584 square feet with Fuji Film Holdings America Corp. for 6.3 years at 200 Summit Lake Drive, Westchester, NY; and
- Early renewal on 46,032 square feet with Nomura Holdings for 5.8 years at 1100 King Street, Westchester, NY.

Marketing, general and administrative, or MG&A, expenses for the quarter ended June 30, 2012 were \$20.7 million, or 5.1 percent of total revenues including the Company's share of joint venture revenue compared to \$22.5 million, or 6.4 percent for the quarter ended June 30, 2011.

Real Estate Investment Activity

In June 2012, the Company acquired the 215,000 square-foot mixed-use office and retail building located at 304 Park Avenue South for \$135.0 million, or \$628 per square foot. The property was acquired with approximately \$102.0 million of cash and \$33.0 million in operating partnership units of SL Green Operating Partnership, L.P. (the Operating Partnership).

In April 2012, the Company, along with its joint venture partner Jeff Sutton, sold 379 West Broadway for \$48.5 million, resulting in a gain of \$6.5 million.

In July 2012, the Company, along with its joint venture partner, sold One Court Square for a gross sale price of \$481.1 million. The transaction included the assumption by the purchaser of \$315.0 million of existing debt.

Debt and Preferred Equity Investment Activity

The Company's debt and preferred equity investment portfolio totaled \$982.2 million at June 30, 2012. During the second quarter, the Company purchased and originated new debt and preferred equity investments totaling \$71.3 million, all of which are directly collateralized by New York City commercial office properties, and received \$7.1 million of principal reductions from investments that were sold or repaid. In addition, the Company reclassified a first mortgage position, which is collateralized by an office property in London, into real estate held-for-sale as the property is being marketed for sale through a receiver controlled by the Company. The Company recognized additional income of \$4.7 million in the quarter as a result of this reclassification. The debt and preferred equity investment portfolio had a weighted average maturity of 2.8 years as of June 30, 2012 and had a weighted average yield for the quarter ended June 30, 2012 of 9.3 percent, exclusive of loans with a net carrying value of \$25.1 million, which are on non-accrual status.

Financing and Capital Activity

In June 2012, the Company, along with its joint venture partner Jeff Sutton, recapitalized the retail condominium at 717 Fifth Avenue in a transaction that included: a refinancing with a ten-year, \$300.0 million, 4.45 percent fixed-rate mortgage and a twelve-year, \$290.0 million, 9.0 percent fixed-rate mezzanine loan; the reduction by the

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Company of its interest to 10.92 percent; and the redemption of \$31.7 million of Series E preferred units of the Operating Partnership.

In April 2012, the Company closed on a seven-year \$775.0 million mortgage at 1515 Broadway. This mortgage bears interest at 285 basis points over the 90-day LIBOR and replaces the previous \$447.2 million mortgage that was scheduled to mature in 2014.

In June 2012, the Company closed on a ten-year \$230.0 million mortgage at 100 Church Street. This mortgage bears a fixed rate of interest of 4.675 percent.

In July 2012, the Company redeemed all 4,000,000 outstanding shares of its 7.875% Series D Cumulative Redeemable Preferred Stock on July 13, 2012 at a redemption price of \$25.00 per share of preferred stock plus \$0.4922 in accumulated and unpaid dividends on such preferred stock through July 14, 2012.

In the second quarter of 2012, the Company sold 1.0 million shares of common stock for aggregate gross proceeds of \$79.6 million (\$78.4 million of net proceeds after related expenses). In 2012 to date, the Company sold 3.9 million shares of common stock for gross proceeds of \$304.6 million (\$301.1 million of net proceeds after related expenses). The Company's existing at-the-market equity offering program has \$45.4 million of remaining sales capacity.

Dividends

During the second quarter of 2012, 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 July 13, 2012 to stockholders of record on the close of business on July 2, 2012; and
- \$0.4766 per share on the Company's Series C Preferred Stock for the period April 15, 2012 through and including July 14, 2012, which was paid on July 13, 2012 to stockholders of record on the close of business on June 30, 2012, and reflects the regular quarterly dividend which is the equivalent of annualized dividend of \$1.9064 per share.

Funds from Operations (FFO)

FFO is a widely recognized measure of REIT performance. The Company computes 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 the Company does. The revised White Paper on FFO approved by the Board of Governors of NAREIT in April 2002, and subsequently amended, defines FFO as net

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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. The Company presents FFO because it considers it an important supplemental measure of the Company's 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. The Company also uses FFO as one of several criteria to determine performance-based bonuses for members of its 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 the Company's financial performance or to cash flow

from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund our cash needs, including the Company's ability to make cash distributions.

Same-Store Net Operating Income, Same-Store Cash Net Operating Income and Related Measures

The Company presents same-store net operating income, same-store cash net operating income, same-store joint venture net operating income, same-store joint venture cash net operating income because the Company believes that these measures provide investors with useful information regarding the operating performance of properties that are comparable for the periods presented. For properties owned since January 1, 2011 and still owned in the same manner at the end of the current quarter, the Company determines same-store net operating income by subtracting same-store property operating expenses and ground rent from same-store recurring rental and tenant reimbursement revenues. Same-store cash net operating income is derived by deducting same-store straight line and free rent from, and adding same-store tenant credit loss allowance to, same-store net operating income. Same-store joint venture net operating income and same-store joint venture cash net operating income are calculated in the same manner as noted above, but includes just the Company's pro-rata share of the joint venture net operating income. None of these measures is 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.

Forward-Looking Statements

The preliminary information and estimates set forth above contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You should not place undue reliance on such preliminary information and estimates because they may prove to be materially inaccurate. The preliminary information and estimates have not been compiled or examined by our independent auditors and they are subject to revision as we prepare our financial statements as of and for the quarter ended June 30, 2012, including all disclosures required by GAAP and as our auditors conduct their audit of these financial statements. While we believe that such preliminary information and estimates are based on reasonable assumptions, actual results may vary, and such variations may be material. Factors that could cause our preliminary information and estimates to differ from the indications presented below include, but are not limited to, additional adjustments in the calculation of, or application of accounting principles for, the financial results for the quarter ended June 30, 2012, and accounting changes required by GAAP or the Internal Revenue Code.

SL GREEN REALTY CORP.

CONSOLIDATED STATEMENTS OF INCOME-UNAUDITED

(Amounts in thousands, except per share data)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|------------|------------------|------------|
| | June 30, | | June 30, | |
| | 2012 | 2011 | 2012 | 2011 |
| Revenues: | | | | |
| Rental revenue, net | \$ 267,691 | \$ 238,635 | \$ 528,505 | \$ 465,655 |
| Escalation and reimbursement | 41,584 | 34,994 | 83,247 | 65,269 |
| Investment and preferred equity income | 33,448 | 15,144 | 59,786 | 79,823 |
| Other income | 6,282 | 9,932 | 16,659 | 17,180 |
| Total revenues | 349,005 | 298,705 | 688,197 | 627,927 |
| Expenses: | | | | |
| Operating expenses (including approximately \$4,729 and \$8,188 (2012) and \$3,498 and \$6,613 (2011) paid to affiliates) | 68,919 | 62,395 | 142,188 | 122,698 |
| Real estate taxes | 52,569 | 43,975 | 104,067 | 84,042 |
| Ground rent | 8,890 | 7,813 | 17,696 | 15,647 |
| Interest expense, net of interest income | 82,327 | 68,173 | 162,464 | 132,439 |
| Amortization of deferred financing costs | 3,553 | 2,684 | 7,133 | 6,483 |
| Depreciation and amortization | 77,812 | 65,539 | 154,895 | 129,036 |
| Loan loss and other investment reserves, net of recoveries | | 1,280 | 564 | (1,870) |
| Transaction related costs | 1,970 | 1,217 | 3,121 | 3,651 |
| Marketing, general and administrative | 20,721 | 22,454 | 40,917 | 42,475 |
| Total expenses | 316,761 | 275,530 | 633,045 | 534,601 |
| Income from continuing operations before equity in net income of unconsolidated joint ventures, noncontrolling interests and discontinued operations | 32,244 | 23,175 | 55,152 | 93,326 |
| Equity in net income from unconsolidated joint ventures | 70,890 | 2,184 | 69,330 | 10,390 |
| Equity in net gain on sale of interest in unconsolidated joint venture/ real estate | 9,534 | | 16,794 | |
| Purchase price fair value adjustment | | 475,102 | | 488,890 |
| Loss on investment in marketable securities | | (6) | | (133) |
| Depreciable real estate reserves, net of recoveries | 5,789 | | 5,789 | |
| Gain on early extinguishment of debt | | 971 | | 971 |
| Income from continuing operations | 118,457 | 501,426 | 147,065 | 593,444 |
| Net income from discontinued operations | | 1,676 | (78) | 3,549 |
| Gain on sale of discontinued operations | | 46,085 | 6,627 | 46,085 |
| Net income | 118,457 | 549,187 | 153,614 | 643,078 |
| Net income attributable to noncontrolling interests in the operating partnership | (3,421) | (11,925) | (4,309) | (13,776) |
| Preferred unit distributions | (565) | | (962) | |
| Net income attributable to noncontrolling interests in other partnerships | (3,887) | (3,259) | (4,958) | (6,869) |
| Net income attributable to SL Green | 110,584 | 534,003 | 143,385 | 622,433 |
| Preferred stock dividends | (7,544) | (7,545) | (15,089) | (15,089) |
| Net income attributable to SL Green common stockholders | \$ 103,040 | \$ 526,458 | \$ 128,296 | \$ 607,344 |
| Earnings Per Share (EPS) | | | | |
| Net income per share (Basic) | \$ 1.15 | \$ 6.30 | \$ 1.45 | \$ 7.44 |
| Net income per share (Diluted) | \$ 1.14 | \$ 6.26 | \$ 1.45 | \$ 7.40 |

Funds From Operations (FFO)

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| | | | | | | | | |
|-------------------------|----|------|----|------|----|------|----|------|
| FFO per share (Basic) | \$ | 1.93 | \$ | 1.09 | \$ | 3.05 | \$ | 2.82 |
| FFO per share (Diluted) | \$ | 1.92 | \$ | 1.08 | \$ | 3.03 | \$ | 2.81 |

Basic ownership interest

| | | | | | | | | |
|---|--|--------|--|--------|--|--------|--|--------|
| Weighted average REIT common shares for net income per share | | 89,789 | | 83,578 | | 88,265 | | 81,632 |
| Weighted average partnership units held by noncontrolling interests | | 3,193 | | 1,912 | | 3,121 | | 1,858 |
| Basic weighted average shares and units outstanding for FFO per share | | 92,982 | | 85,490 | | 91,386 | | 83,490 |

Diluted ownership interest

| | | | | | | | | |
|---|--|--------|--|--------|--|--------|--|--------|
| Weighted average REIT common share and common share equivalents | | 90,158 | | 84,098 | | 88,645 | | 82,137 |
| Weighted average partnership units held by noncontrolling interests | | 3,193 | | 1,912 | | 3,121 | | 1,858 |
| Diluted weighted average shares and units outstanding | | 93,351 | | 86,010 | | 91,766 | | 83,995 |

SL GREEN REALTY CORP.

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except per share data)

| | June 30, 2012 (Unaudited) | December 31, 2011 |
|--|---------------------------------|----------------------|
| Assets | | |
| Commercial real estate properties, at cost: | | |
| Land and land interests | \$ 2,872,122 | \$ 2,684,626 |
| Buildings and improvements | 7,311,351 | 7,147,527 |
| Building leasehold and improvements | 1,316,523 | 1,302,790 |
| Property under capital lease | 12,208 | 12,208 |
| | 11,512,204 | 11,147,151 |
| Less accumulated depreciation | (1,269,979) | (1,136,603) |
| | 10,242,225 | 10,010,548 |
| Assets held for sale | 91,574 | 76,562 |
| Cash and cash equivalents | 256,799 | 138,192 |
| Restricted cash | 138,493 | 86,584 |
| Investment in marketable securities | 23,502 | 25,323 |
| Tenant and other receivables, net of allowance of \$20,826 and \$16,772 in 2012 and 2011, respectively | 32,728 | 32,107 |
| Related party receivables | 7,793 | 4,001 |
| Deferred rents receivable, net of allowance of \$31,343 and \$29,156 in 2012 and 2011, respectively | 315,700 | 281,974 |
| Debt and preferred equity investments, net of discount of \$22,601 and \$24,996 and allowance of \$41,050 and \$50,175 in 2012 and 2011, respectively | 982,209 | 985,942 |
| Investments in and advances to unconsolidated joint ventures | 1,014,042 | 893,933 |
| Deferred costs, net | 249,147 | 210,786 |
| Other assets | 784,901 | 737,900 |
| Total assets | \$ 14,139,113 | \$ 13,483,852 |
| Liabilities | | |
| Mortgages and other loans payable | \$ 4,861,463 | \$ 4,314,741 |
| Revolving credit facility | 80,000 | 350,000 |
| Senior unsecured notes | 1,173,769 | 1,270,656 |
| Accrued interest and other liabilities | 114,003 | 126,135 |
| Accounts payable and accrued expenses | 140,910 | 142,428 |
| Deferred revenue/gain | 352,151 | 357,193 |
| Capitalized lease obligation | 17,148 | 17,112 |
| Deferred land lease payable | 18,721 | 18,495 |
| Dividend and distributions payable | 30,126 | 28,398 |
| Security deposits | 47,463 | 46,367 |
| Liabilities related to assets held for sale | 62,792 | 61,988 |
| Junior subordinate deferrable interest debentures held by trusts that issued trust preferred securities | 100,000 | 100,000 |
| Total liabilities | 6,998,546 | 6,833,513 |
| Commitments and contingencies | | |
| Noncontrolling interests in the operating partnership | 279,685 | 195,030 |
| Series G preferred units, \$0.01 par value, \$25.00 liquidation preference, 1,902 issued and outstanding at June 30, 2012 | 47,550 | |
| Series H preferred units, \$0.01 par value, \$25.00 liquidation preference, 80 issued and outstanding at June 30, 2012 and December 31, 2011, respectively | 2,000 | 2,000 |

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Equity

| | | | |
|---|----|------------|---------------|
| SL Green Realty Corp. stockholders' equity | | | |
| 7.625% Series C perpetual preferred shares, \$0.01 par value, \$25.00 liquidation preference, 11,700 issued and outstanding at both June 30, 2012 and December 31, 2011, respectively | | 274,022 | 274,022 |
| 7.875% Series D perpetual preferred shares, \$0.01 par value, \$25.00 liquidation preference, 4,000 issued and outstanding at both June 30, 2012 and December 31, 2011, respectively | | 96,321 | 96,321 |
| Common stock, \$0.01 par value 160,000 shares authorized, 93,543 and 89,210 issued and outstanding at June 30, 2012 and December 31, 2011, respectively (inclusive of 3,605 and 3,427 shares held in Treasury at June 30, 2012 and December 31, 2011, respectively) | | 936 | 892 |
| Additional paid-in capital | | 4,557,652 | 4,236,959 |
| Treasury stock-at cost | | (319,866) | (308,708) |
| Accumulated other comprehensive loss | | (28,413) | (28,445) |
| Retained earnings | | 1,741,160 | 1,704,506 |
| Total SL Green Realty Corp. stockholders' equity | | 6,321,812 | 5,975,547 |
| Noncontrolling interests in other partnerships | | 489,520 | 477,762 |
| Total equity | | 6,811,332 | 6,453,309 |
| Total liabilities and equity | \$ | 14,139,113 | \$ 13,483,852 |

SL GREEN REALTY CORP.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Amounts in thousands, except per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|------------|------------------------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| FFO Reconciliation: | | | | |
| Net income attributable to common stockholders | \$ 103,040 | \$ 526,458 | \$ 128,296 | \$ 607,344 |
| Add: | | | | |
| Depreciation and amortization | 77,812 | 65,539 | 154,895 | 129,036 |
| Discontinued operations depreciation adjustments | | | | 676 |
| Joint venture depreciation and noncontrolling interest adjustments | 6,366 | 7,074 | 15,507 | 13,308 |
| Net income attributable to noncontrolling interests | 7,308 | 15,184 | 9,267 | 20,645 |
| Less: | | | | |
| Gain on sale of discontinued operations | | 46,085 | 6,627 | 46,085 |
| Equity in net gain on sale of joint venture interest | 9,534 | | 16,794 | |
| Purchase price fair value adjustment | | 475,102 | | 488,890 |
| Depreciable real estate reserves, net of recoveries | 5,789 | | 5,789 | |
| Depreciation on non-rental real estate assets | 209 | 212 | 476 | 425 |
| Funds from Operations | 178,994 | 92,856 | 278,279 | 235,609 |
| Transaction related costs(1) | 2,008 | 1,589 | 3,320 | 4,043 |
| Funds from Operations before transaction related costs | \$ 181,002 | \$ 94,445 | \$ 281,599 | \$ 239,652 |

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

| | Consolidated Properties Three Months Ended June 30, | | SL Green's share of Unconsolidated Joint Ventures Three Months Ended June 30, | | Combined Three Months Ended June 30, | |
|--|---|------------|--|-----------|--|------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Operating income and Same-store NOI Reconciliation: | | | | | | |
| Income from continuing operations before equity in net income of unconsolidated joint ventures, noncontrolling interests and discontinued operations | \$ 32,244 | \$ 23,175 | \$ | \$ | \$ | \$ |
| Equity in net income from joint ventures | 70,890 | 2,184 | 70,890 | 2,184 | | |
| Depreciation and amortization | 77,812 | 65,539 | 15,807 | 14,266 | | |
| Interest expense, net of interest income | 82,327 | 68,173 | 21,407 | 20,342 | | |
| Amortization of deferred financing costs | 3,553 | 2,684 | 1,170 | 1,526 | | |
| Gain (loss) on early extinguishment of debt | | 971 | | | | |
| Operating income | \$ 266,826 | \$ 162,726 | \$ 109,274 | \$ 38,318 | | |
| Marketing, general & administrative expense | 20,721 | 22,454 | | | | |
| Net operating income from discontinued operations | | 2,785 | | | | |

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| | | | | | | | |
|--|-------------------|-------------------|------------------|------------------|-------------------|-------------------|---------|
| Loan loss and other investment reserves, net of recoveries | | 1,280 | | | | | |
| Transaction related costs | 1,970 | 1,217 | 38 | 372 | | | |
| Non-building revenue | (35,320) | (21,138) | (71,487) | (1,337) | | | |
| Equity in net income from joint ventures | (70,890) | (2,184) | | | | | |
| (Gain) loss on early extinguishment of debt | | (971) | | | | | |
| Net operating income (NOI) | 183,307 | 166,169 | 37,825 | 37,353 | 221,132 | 203,522 | |
| Net operating income from discontinued operations | | (2,785) | | | | | (2,785) |
| NOI from other properties/affiliates | (14,110) | 4,173 | (7,542) | (9,027) | (21,652) | (4,854) | |
| Same-Store NOI | \$ 169,197 | \$ 167,557 | \$ 30,283 | \$ 28,326 | \$ 199,480 | \$ 195,883 | |
| Ground lease straight-line adjustment | 284 | 48 | | | 284 | 48 | |
| Straight-line and free rent | (13,585) | (18,068) | (2,023) | (2,047) | (15,608) | (20,115) | |
| Rental income FAS 141 | (4,569) | (5,122) | (657) | (785) | (5,226) | (5,907) | |
| Same-store cash NOI | \$ 151,327 | \$ 144,415 | \$ 27,603 | \$ 25,494 | \$ 178,930 | \$ 169,909 | |

SL GREEN REALTY CORP.

SELECTED OPERATING DATA-UNAUDITED

| | 2012 | June 30, | 2011 |
|---|-----------|----------|---------|
| Manhattan Operating Data: (1) | | | |
| Net rentable area at end of period (in 000 s) | 23,972 | | 23,390 |
| Portfolio percentage leased at end of period | 93.7% | | 92.7% |
| Same-Store percentage leased at end of period | 93.2% | | 93.6% |
| Number of properties in operation | 34 | | 31 |
| Office square feet where leases commenced during quarter (rentable) | 1,955,729 | | 359,583 |
| Average mark-to-market percentage-office | 0.1% | | 6.5% |
| Average starting cash rent per rentable square foot-office | \$ 50.18 | \$ | 59.91 |

(1) Includes wholly owned and joint venture properties.

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: August 7, 2012