SL GREEN REALTY CORP
Form 10-K/A
March 16, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

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

For the fiscal year ended December 31, 2011

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	**13-3956755**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

420 Lexington Avenue, New York, NY 10170

(Address of principal executive offices - Zip Code)

(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, $25.00 mandatory liquidation preference	New York Stock Exchange
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 x No o

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 x

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 x No o

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 x No o

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. o

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 x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller Reporting Company o

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

As of February 15, 2012, there were 86,368,447 shares of the Registrant s common stock outstanding. The aggregate market value of the common stock, held by non-affiliates of the Registrant (78,694,295 shares) at June 30, 2011 was $6.5 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 2012 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.

SL GREEN REALTY CORP.
FORM 10-K/A

EXPLANATORY NOTE

On February 28, 2012, we filed our Annual Report on Form 10-K for the year ended December 31, 2011 (the Original Filing) with the Securities and Exchange Commission (the SEC). We are filing this Amendment No. 1 on Form 10-K/A (Amendment No. 1) to provide a complete set of financial statements for 1515 Broadway Realty Corp. (1515 Broadway). In the Original Filing, the Consolidated Statements of Changes in Equity for the year ended December 31, 2009 had been inadvertently omitted from the financial statements of 1515 Broadway as a result of a clerical error. In addition, in connection with the filing of this Amendment No. 1 to the Original Filing we are also providing as exhibits (i) the consent of Ernst & Young LLP, 1515 Broadway s independent registered public accounting firm, with respect to its report on such audited financial statements as provided in this Amendment No. 1 and (ii) the certifications of the Company s chief executive officer and chief financial officer as required by Rule 12b-15 of the Securities Exchange Act of 1934, as amended.

Except as otherwise expressly noted herein, this Amendment No. 1 to the Original Filing does not amend any other information set forth in the Original Filing, and we have not updated disclosures contained therein to reflect any events that occurred at a date subsequent to the date of the Original Filing. Accordingly, this Amendment No. 1 should be read in conjunction with the Original Filing.

Part IV

Item 15: EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES

(a)(2) Financial Statement Schedules

Consolidated Financial Statements and Report of Ernst & Young LLP Independent Registered Public Accounting Firm for 1515 Broadway Realty Corp.

The consolidated financial statements of 1515 Broadway Realty Corp. are being provided to comply with applicable rules and Regulations of the SEC.

(a)(3) Exhibits. The following exhibits are filed as part of this Amendment No. 1.

INDEX TO EXHIBITS

23.1	Consent of Ernst & Young LLP, filed herewith.
31.1	Certification by the Chief Executive Officer of SL Green Realty Corp. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification by the Chief Financial Officer of SL Green Realty Corp. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1	Certification by the Chief Executive Officer of SL Green Realty Corp. pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.2	Certification by the Chief Financial Officer of SL Green Realty Corp. pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

Report of Independent Registered Public Accounting Firm

The Stockholders

1515 Broadway Realty Corp.

We have audited the accompanying consolidated balance sheet of 1515 Broadway Realty Corp. (the Company) as of December 31, 2010, and the related consolidated statements of income, equity and cash flows for each of the two years in the period ended December 31, 2010. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of 1515 Broadway Realty Corp. at December 31, 2010, and the consolidated results of their operations and their cash flows for each of the two years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

New York, New York
February 2, 2011

/s/ Ernst & Young LLP

1515 Broadway Realty Corp.

Consolidated Balance Sheet

(Dollars in thousands, except share and per share amounts)

		December 31, 2010
Assets		
Commercial real estate property, at cost:		
Land	$	96,573
Building and improvements		459,225
		555,798
Less accumulated depreciation		(91,031)
		464,767
Cash and cash equivalents		16,210
Restricted cash		3,037
Tenant receivables, net of allowance of $2,974		163
Deferred rent receivable, net of allowance of $515		32,748
Deferred costs, net		23,061
Other assets		4,491
Total assets	$	544,477
Liabilities and equity:		
Mortgage note payable	$	462,897
Accrued interest and other liabilities		501
Accounts payable and accrued expenses		4,074
Due to related parties		596
Deferred revenue		523
Security deposits		1,232
Total liabilities		469,823
Equity:		
Series A Preferred Stock, $1,000 par value, 290 shares authorized, 125 shares issued and outstanding		100
Series B Subordinated Preferred Stock, $1,000 par value, 10 shares authorized, none issued and outstanding		
Class A Common Stock, $0.01 par value, 100 shares authorized, issued and outstanding		
Additional paid-in capital		255,452
Distributions in excess of earnings		(181,529)
Accumulated other comprehensive income		14
Noncontrolling interests		617
Total equity		74,654
Total liabilities and equity	$	544,477

The accompanying notes are an integral part of these consolidated financial statements.

1515 Broadway Realty Corp.

Consolidated Statements of Income

(Dollars in thousands)

	Year Ended December 31, 2010	Year Ended December 31, 2009
Revenues:		
Rental revenue	$ 77,438	$ 74,304
Escalation and reimbursement revenues	24,044	21,673
Investment income	32	4,780
Other income	13	98
Total revenues	101,527	100,855
Expenses:		
Operating expenses	25,227	22,819
Asset management fee	100	100
Real estate taxes	20,016	18,981
Interest	21,398	10,733
Depreciation and amortization	14,570	15,201
Total expenses	81,311	67,834
Net income	20,216	33,021
Net income attributable to noncontrolling interest		
Net income attributable to stockholders	20,216	33,021
Preferred stock dividend	(19)	(19)
Net income attributable to common stockholders	$ 20,197	$ 33,002

The accompanying notes are an integral part of these consolidated financial statements.

1515 Broadway Realty Corp.

Consolidated Statements of Equity

Years Ended December 31, 2010 and 2009

(Dollars in thousands)

	Series A Preferred Stock	Series B Subordinated Preferred Stock	Class A Common Stock	Additional Paid-In-Capital	Distributions in Excess of Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total	Comprehensive Income
Balance at December 31, 2008	$ 100	$ 10		$ 171,649	$ (217,414)	$ (355)	$ 533	$ (45,477)	
Comprehensive Income:									
Net income					33,021			33,021	$ 33,021
Unrealized gain on derivative instruments						294		294	294
Redemption of preferred stock		(10)						(10)	
Preferred dividend					(19)			(19)	
Capital contribution				83,803			84	83,887	
Distributions to common stockholders					(7,814)			(7,814)	
Balance at December 31, 2009	100			255,452	(192,226)	(61)	617	63,882	$ 33,315
Comprehensive Income:									
Net income					20,216			20,216	$ 20,216
Unrealized gain on derivative instruments						75		75	75
Preferred dividend					(19)			(19)	
Capital contribution									
Distributions to common stockholders					(9,500)			(9,500)	
Balance at December 31, 2010	$ 100	$		$ 255,452	$ (181,529)	$ 14	$ 617	$ 74,654	$ 20,291

The accompanying notes are an integral part of these financial statements.

1515 Broadway Realty Corp.

Notes to Consolidated Financial Statements

December 31, 2010

(Dollars in thousands)

1515 Broadway Realty Corp.

Consolidated Statements of Cash Flows

(Dollars in thousands)

	Year Ended December 31, 2010		2009	
Operating activities				
Net income	$	20,216	$	33,021
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		16,911		17,149
Deferred rent receivable, net		(1,951)		(14,856)
Provision for doubtful accounts		964		1,487
Changes in operating assets and liabilities:				
Restricted cash-operations		(1,002)		7,299
Tenant receivables		(209)		59
Deferred leasing costs		(4,853)		(2,011)
Other assets		6,156		(6,285)
Deferred revenue		(423)		(551)
Accounts payable and accrued expenses		(10,308)		84
Net cash provided by operating activities		25,501		35,396
Investing activities				
Additions to building and improvements		(13,364)		(26,036)
Restricted cash-capital improvements		700		14,155
Net cash used in investing activities		(12,664)		(11,881)
Financing activities				
Repayment of mortgage note payable		(12,103)		(625,000)
Proceeds from mortgage note payable				475,000
Capital contribution				83,887
Repayment of loans receivable-stockholders				80,000
Deferred financing costs		(161)		(12,252)
Distributions paid		(9,519)		(7,833)
Redemption of preferred stock				(10)
Net cash used in financing activities		(21,783)		(6,208)
Net (decrease) increase in cash and cash equivalents		(8,946)		17,307
Cash and cash equivalents at beginning of year		25,156		7,849
Cash and cash equivalents at end of year		16,210		25,156
Supplemental cash flow disclosures				
Interest paid	$	19,065	$	9,109
Supplemental disclosure of noncash transactions				
Additions to building and improvements accrued	$	692	$	4,808
Deferred leasing costs accrued	$	590	$	5,762

The accompanying notes are an integral part of these financial statements.

1515 Broadway Realty Corp.

Notes to Consolidated Financial Statements

December 31, 2010

(Dollars in thousands)

1. Organization

1515 Broadway Realty Corp. (the Company) is a Maryland corporation that qualifies as a real estate investment trust (REIT) for Federal income tax purposes. The Company was formed by SL Green Private REIT LLC, a Delaware limited liability company (SLG 1515) and the predecessor-in-interest of SITQ BST-REIT, LP, a Delaware limited partnership (SITQ 1515). SLG 1515 is owned by SL Green Operating Partnership, L.P., a Delaware limited partnership. SITQ 1515 is an indirect, wholly owned subsidiary of Caisse de dépôt et placement du Québec.

On May 15, 2002, the Company acquired an approximate 99.7% indirect fee ownership estate in the real property and improvements located at 1515 Broadway, New York, New York (the Property). The Property was acquired for approximately $483,500. The Company s sole direct asset is its 99.9% membership interest in 1515 SLG Owner LLC which, through various entities, owns 99.8% of the Property, with the remaining 0.2% owned by the noncontrolling interest of the Company. The Property contains over 1.72 million rentable square feet. The Company currently does not intend to acquire other properties.

As a result of the loan modification more fully described in Note 5, pre-determined performance thresholds were exceeded in November 2005, thereby increasing SLG 1515 s economic interest in the Property to approximately 68.5%.

2. Basis of Presentation and Significant Accounting Policies

In June 2009, the Financial Accounting Standards Board (the FASB) issued guidance regarding the Accounting Codification and the Hierarchy of Generally Accepted Accounting Principles (GAAP). This guidance establishes the FASB Accounting Standards Codification (the Codification), as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP, and states that all guidance contained in the Codification carries equal level of authority. Rules and interpretive releases of the Securities and Exchange Commission (SEC), under federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification does not change GAAP; however, it does change the way in which it is to be researched and referenced. This guidance is effective for financial statements issued for interim and annual periods ending September 15, 2009. The Company has implemented the Codification in these consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, which are wholly owned or controlled by the Company. This includes 1515 Broadway Finance LLC (1515 Finance). All the activity related to 1515 Finance is allocated exclusively to SLG 1515. All significant intercompany balances and transactions have been eliminated in consolidation.

Commercial Real Estate Property

Rental property is stated at cost, less accumulated depreciation. Costs directly related to the acquisition and redevelopment of rental property are capitalized. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully depreciated assets are removed from the accounts.

The Property is depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Category	**Term**
Building (fee ownership)	40 years
Building improvements	Shorter of remaining life of the building or estimated useful life

At December 31, building and improvements consisted of the following:

		2010		**2009**
Building	$	389,181	$	389,181
Improvements		70,044		55,987
Total	$	459,225	$	445,168

Depreciation expense amounted to $12,170 and $11,463 for the years ended December 31, 2010 and 2009, respectively.

1515 Broadway Realty Corp.

Notes to Consolidated Financial Statements

December 31, 2010

(Dollars in thousands)

On a periodic basis, management assesses whether there are any indicators that the value of the real estate property may be impaired. A property s value is impaired if the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. Management of the Company does not believe that the value of the property was impaired at December 31, 2010 and 2009.

Upon acquisitions of real estate, the Company assesses the fair value of acquired assets including land, building and tenant improvements, acquired above and below market leases and the origination cost of acquired in-place leases and acquired liabilities, and allocates purchase price based on these assessments.

The Company assesses fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors, including the historical operating results, known trends, and market/economic conditions that may affect the Property.

As a result of its evaluations, the Company recorded a deferred liability of $3,643, representing the net value of acquired above and below market leases and assumed lease origination costs, which is included in deferred revenue. This amount is being amortized over the terms of the respective leases. For each of the years ended December 31, 2010 and 2009, the Company recognized an increase in rental revenue of $429 for the amortization of above and below market leases and assumed lease origination costs, and additional building depreciation of $95 resulting from the reallocation of the purchase price to the applicable components. The accumulated amortization of the deferred liability at December 31, 2010 and 2009 was $3,215 and $2,786, respectively. Amortization for the next two years will be $429 per year.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash

Restricted cash primarily consists of security deposits held on behalf of tenants and escrows for the payment of insurance, real estate taxes, leasing commissions and tenant improvements.

Deferred Leasing Costs

Deferred leasing costs consist of fees and direct costs incurred to initiate and renew operating leases and are amortized on a straight-line basis over the related lease term.

Deferred Financing Costs

Deferred financing costs represent commitment fees, legal and other third-party costs associated with obtaining commitments for financing which result in a closing of such financing. These costs are amortized over the terms of the respective agreements. Unamortized deferred financing costs are expensed when the associated debt is paid off before maturity.

Revenue Recognition

Minimum rental revenue is recognized on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rent receivable in the accompanying consolidated balance sheets. The Company establishes, on a current basis, a reserve for future potential losses, which may occur against deferred rent receivable and tenant receivables. The balance reflected in the accompanying consolidated balance sheets is net of such allowance.

Income Taxes

The Company is taxed as a REIT under Section 856(c) of the Internal Revenue Code (the Code). As a REIT, the Company generally is not subject to Federal income tax. To maintain qualification as a REIT, the Company must distribute at least 90% of its taxable income to its stockholders and meet certain other requirements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to Federal income tax on its taxable income at regular corporate tax rates. The Company may also be subject to certain state and local taxes. Under certain circumstances, Federal income and excise taxes may be due on its undistributed taxable income.

1515 Broadway Realty Corp.

Notes to Consolidated Financial Statements

December 31, 2010

(Dollars in thousands)

Pursuant to amendments to the Code that became effective January 1, 2001, we have elected, and may in the future, elect to treat certain of our existing or newly created corporate subsidiaries as taxable REIT subsidiaries, or TRS. In general, a TRS of ours may perform non-customary services for our tenants, hold assets that we cannot hold directly and generally may engage in any real estate or non-real estate related business. Our TRS recorded approximately $109 in Federal, state and local tax (benefit)/expense, of which $106 has been paid.

We follow a two-step approach for evaluating uncertain tax positions. Recognition (step one) occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be realized up settlement. Derecognition of a tax position that was previously recognized would occur when a company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. The use of a valuation allowance as a substitute for derecognition of tax positions is prohibited.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash investments in excess of insured amounts and accounts receivable. The Company places its cash investments with high-quality financial institutions. Management of the Company performs ongoing credit evaluations of its tenants and requires certain tenants to provide security deposits or letters of credit. Although these security deposits and letters of credit are insufficient to meet the terminal value of a tenant s lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost rent and the costs associated with re-tenanting the space. One tenant, whose lease ends between 2015 and 2020, represents approximately 72.7% of the Company s leased square footage and 75.2% of its annualized rent.

Derivative Financial Instruments

In the normal course of business, the Company uses a variety of derivative financial instruments to manage, or hedge, interest rate risk. The Company requires that hedging derivative instruments be effective in reducing the interest rate risk exposure that they are designated to hedge. This effectiveness is essential for qualifying for hedge accounting. Some derivative instruments may be associated with an anticipated transaction. In those cases, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the derivative contract. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment though earnings, or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of a derivative s change in fair value will be immediately recognized in earnings.

Fair Value Measurements

To determine the fair values of derivative instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date. For the majority of financial instruments, including most derivatives, long-term investments and long-term debt, standard market conventions and techniques such as discounted cash flow analysis, option pricing models, replacement cost, and termination cost are used to determine fair value. All methods of assessing fair value result in a general approximation of value and such value may never actually be realized.

The methodologies used for valuing such instruments have been categorized into three broad levels as follows:

Level 1 Quoted prices in active markets for identical instruments.

Level 2 Valuations based principally on other observable market parameters, including:

- Quoted prices in active markets for similar instruments,

- Quoted prices in less active or inactive markets for identical or similar instruments,

1515 Broadway Realty Corp.

Notes to Consolidated Financial Statements

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(Dollars in thousands)

- Other observable inputs (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates), and

- Market corroborated inputs (derived principally from or corroborated by observable market data).

Level 3 Valuations based significantly on unobservable inputs.

- Valuations based on third party indications (broker quotes or counterparty quotes) which were, in turn, based significantly on unobservable inputs or were otherwise not supportable as Level 2 valuations.

- Valuations based on internal models with significant unobservable inputs.

These levels form a hierarchy. The Company follows this hierarchy for its financial instruments measured at fair value on a recurring basis. The classifications are based on the lowest level of input that is significant to the fair value measurement.

Accounting Standards Updates

In December 2007, the FASB amended the accounting for acquisitions specifically eliminating the step acquisition model, changing the recognition of contingent consideration from being recognized when it is probable to being recognized at the time of acquisition, disallowing the capitalization of transaction costs and delays when restructurings related to acquisitions can be recognized. The standard is effective for fiscal years beginning after December 15, 2008 and will only impact the accounting for acquisitions the Company makes after its adoption of this standard. The adoption of this standard on January 1, 2009 did not have a material impact on the Company s historical consolidated financial statements.

In March 2008, the FASB issued guidance which requires entities to provide greater transparency about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted, and (c) how derivative instruments and related hedged items affect an entity s financial position, results of operations, and cash flows. This guidance was effective on January 1, 2009. The adoption of this guidance did not have a material impact on the Company s consolidated financial statements.

In September 2009, the FASB issued accounting standards update which provides additional implementation guidance on the accounting for uncertainty in income taxes and eliminates certain disclosure requirements for nonpublic entities. Under the amended disclosure requirements, nonpublic entities are not required to disclose a tabular reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of the period nor the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate. This guidance will become effective for entities that have not already adopted the standard for annual financial statements beginning after December 15, 2008. The adoption of this guidance did not have a material impact on the Company s consolidated financial statements.

3. Deferred Costs

Deferred costs at December 31 consisted of the following:

	2010	2009
Deferred financing	$ 13,919	$ 13,758
Deferred leasing	22,670	17,227
	36,589	30,985
Less accumulated amortization	(13,528)	(8,788)
	$ 23,061	$ 22,197

Amortization expense amounted to $4,740 and $5,686 for the years ended December 31, 2010 and 2009, respectively.

4. Loans Receivable Stockholders

In November 2005, the Company loaned $54,955 to SLG 1515 and $45,045 to SITQ 1515. Interest on the loans was due annually in arrears on May 10 of each year at the rate of 6%. The loans were scheduled to mature in November 2015.

1515 Broadway Realty Corp.

Notes to Consolidated Financial Statements

December 31, 2010

(Dollars in thousands)

In December 2006, SLG 1515 and SITQ 1515 made principal repayments of $10,991 and $9,009, respectively. On December 22, 2009, in connection with the refinancing, the receivable from SLG 1515 and SITQ 1515 was repaid. Interest income recorded on the loans for the years ended December 31, 2010 and 2009 was none and $4,680, respectively.

5. Mortgage Note Payable

In June 2004, the Company refinanced the Property with a $425,000 first mortgage. The interest-only mortgage bore interest at 90 basis points over the 30-day LIBOR.

On November 9, 2005, the Company modified the then existing mortgage, increasing the principal to $625,000. The mortgage continued to bear interest at LIBOR plus 90 basis points (effective all-in weighted-average interest rate was 1.23% and 3.61% for the period ended December 22, 2009 and year ended December 31, 2008, respectively). The term of the loan was two years, during which time interest only was payable monthly. The Company had three one-year renewal options at the same interest rate. The Company exercised the three renewal options. This loan was repaid on December 22, 2009.

On December 22, 2009, the Company refinanced the Property with a $475,000 mortgage. The mortgage bears interest at a rate of 3.50% until March 22, 2010 when the rate becomes the greater of LIBOR plus 250 basis points or 3.50%. The term of the mortgage is five years, during which time interest and principal, amortizable over a period of 25 years, is payable monthly. As of December 31, 2010, the loan bears interest at 3.50%.

Scheduled principal payments to be made through maturity are as follows:

2011	$	12,535
2012		12,980
2013		13,441
2014		423,941
Total	$	462,897

6. Fair Value of Financial Instruments

The following disclosures of estimated fair value were determined by management, using available market information and appropriate valuation methodologies as discussed in Note 2. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts we could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect upon the estimate fair value amounts.

Cash and cash equivalents, restricted cash, tenant receivables, accounts payable and accrued expenses, and security deposits approximate fair value due to the short-term maturities of these items.

The fair value of the Company s mortgage note payable is estimated based on discounting future cash flows at interest rates that management believes reflect the risks associated with debt instruments of similar risk and duration. The estimated aggregate fair value of the Company s mortgage note payable was approximately $489,200 at December 31, 2010.

Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

1515 Broadway Realty Corp.

Notes to Consolidated Financial Statements

December 31, 2010

(Dollars in thousands)

7. Rental Income

The Company is the lessor to tenants under operating leases with expiration dates ranging from 2011 to 2024. The minimum rental amounts due under the leases are generally either subject to scheduled fixed increases or adjustments. The leases generally also require that the tenants reimburse the Company for increases in certain operating costs and real estate taxes above their base year costs. Future minimum rents to be received over the next five years and thereafter for noncancelable operating leases in effect at December 31, 2010 are as follows:

2011	$	84,219
2012		84,957
2013		83,624
2014		83,529
2015		43,667
Thereafter		166,222
	$	546,218

8. Related Party Transactions

Pursuant to the Property Management and Leasing Agreement, SL Green Management Corp., an affiliate of SLG 1515, is responsible for the (a) management and leasing (itself or through a wholly owned subsidiary) of the Property and (b) day-to-day corporate management of the Company and its subsidiaries. SL Green Management Corp. is entitled to a management fee equal to 2.0% of the gross receipts from the Property. SL Green Management Corp. is also entitled to certain leasing fees and construction fees as set forth in the Property Management and Leasing Agreement. SL Green Leasing LLC, a wholly owned subsidiary of SL Green Management Corp., is the leasing agent for the Property.

For the years ended December 31, 2010 and 2009, SL Green Management Corp. earned $3,124 and $5,510 in leasing commissions, $2,007 and $1,627 in management fees, and $827 and $1,961 in construction supervisory fees, respectively.

The Company has entered into two Asset Management Agreements (collectively, the Asset Management Agreements) with an affiliate of SITQ 1515, SITQ Inc. (SITQ Asset Manager) and with an affiliate of SLG 1515, SL Green Management LLC (SLG Asset Manager).

Pursuant to the Asset Management Agreements, the SITQ Asset Manager and SLG Asset Manager are obligated to advise the Company on various strategic aspects with respect to the Property. As compensation for these arrangements, the SITQ Asset Manager will be paid $100 per annum. There are business relationships with related parties, which involved repairs, maintenance and security expenses in the ordinary course of business. The Company s transactions with the related parties amounted to $2,215 and $1,967 for the years ended December 31, 2010 and 2009, respectively and are a component of operating expense on accompanying consolidated statements of income.

Amounts due to related parties were $596 and $5,984 at December 31, 2010 and 2009 respectively.

On May 12, 2010, a majority owned subsidiary of SL Green Operating Partnership LP, which through various entities holds a majority interest in the Company, assumed a license agreement covering the entire rentable portion of the 11th and 12th floors (Premises) of the Property. As such the affiliate agreed to pay the company fixed annual rent and additional rent with regard to the aforementioned Premises. For the year ended December 31, 2010, the Company recognized $1,893 of rental income from the affiliate.

9. Financial Instruments: Derivatives and Hedging

The Company entered into an interest rate hedge on November 9, 2005 to ensure that borrowing costs did not become prohibitive, should LIBOR have increased before the debt matured in 2010. LIBOR was the floating rate index on the Company s $625,000 mortgage note. Should the LIBOR index have increased above 5% for the mortgage loan, a financial institution would have paid the venture the interest cost above 5%. By hedging this risk, the Company s interest cost on $625,000 became fixed when LIBOR was 5% or more. This interest rate cap was terminated on December 22, 2009 in connection with the refinancing.

In accordance with the new mortgage agreement, the Company has also entered into an interest rate hedge to ensure that borrowing costs do not become prohibitive, should LIBOR increase before the debt matures in 2014. LIBOR is the floating rate index on the Company s $475,000 mortgage note. Should the LIBOR index increase above 6% for the mortgage loan, a financial institution will pay the venture the interest cost above 6%. By hedging this risk, the Company s interest cost on $475,000 becomes fixed when

1515 Broadway Realty Corp.

Notes to Consolidated Financial Statements

December 31, 2010

(Dollars in thousands)

LIBOR is 6% or more. The hedging instrument, called an interest rate cap , was an asset with a fair value of $2 as of December 31, 2010. The $75 change in value of this hedging instrument was recorded in accumulated other comprehensive income (loss).

10. Equity

On December 10, 2002, the Company issued 125 shares of Series A Preferred Stock, par value $1. This cumulative nonvoting preferred stock is callable by the Company with a premium based on the period of time the stock has been outstanding. The call premium was 15% through December 31, 2007. The premium will be reduced each year thereafter by 2.5% per year, such that there will be no premium after January 1, 2011. Dividends, at 15% of par value per annum, are payable on June 30 and December 31 of each year. The Company received proceeds of $100, net of issuance costs, from the sale of the Series A Preferred Stock.

On December 22, 2009, in connection with the refinancing, SLG 1515, 1515 Promote LLC, and SITQ 1515 made capital contributions in the amount of $46,054, $84 and $37,749, respectively, to the Company.

11. Subsequent Events

The Company has evaluated subsequent events through the date in which these consolidated financial statements were available for issuance on February 2, 2011.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	SL GREEN REALTY CORP.	
Dated: March 16, 2012	By:	/s/ James Mead James Mead Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signatures	Title	Date
* Stephen L. Green	Chairman of the Board of Directors	March 16, 2012
* Marc Holliday	Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2012
/s/ James Mead James Mead	Chief Financial Officer (Principal Financial and Accounting Officer)	March 16, 2012
* John H. Alschuler, Jr.	Director	March 16, 2012
* Edwin Thomas Burton, III	Director	March 16, 2012
* John S. Levy	Director	March 16, 2012
* Craig Hatkoff	Director	March 16, 2012

*By: /s/ James Mead
James Mead
Attorney-in-Fact