

REIT Analysis: SL Green Realty Corp.

H-Tranche Heroes

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Real Estate Capital Markets
Spring 2023

Background



Company Overview

- Founded in 1980 by chairman of the Board, Stephen L. Green.
- Starting in primarily value-add investment opportunities in Class-B office buildings.
- Stephen Green took SL Green Corp public in 1997 (NYSE: SLG). At the time of IPO, the company owned six properties comprising of 1.2 million SF and had a market capitalization of \$258 M.
- Primarily focused on Manhattan office properties, SL Green has grown to become the largest owner of office buildings in Manhattan and is one of the largest office REITs in the US.



Overview



- Manhattan's largest office landlord
- Publicly traded REIT (NYSE: SLG) - **\$21.55/share** (5/3/23 close)
- March 2023: Interests in 60 buildings, 33.1M SF
 - ◆ 28.8M SF ownership interest, 3.4M SF debt/pref. equity investments
- March 2022: Interests in 72 buildings, 34.7M SF
 - ◆ 26.7M SF ownership interests, 7.2M SF debt/pref. equity investments
- **Shedding debt investments, increasing equity/ownership investments**

★ **CEO:** Marc Holliday

★ **President:** Andrew Mathias

★ **Chair:** Stephen L. Green, Marc Holliday

★ **CFO:** Matthew DiLiberto



One Vanderbilt

SL GREEN
REALTY CORP.



Selected Properties



Selected Properties



Property	RBA SF	Built/ Renovated	Occupancy	Major Tenants	Est. Rents	Ownership Interest	Co-Owner	Notes
1 Madison Ave - One Madison	1,396,596	1932 / 2024	59.10%	Franklin Templeton, IBM	\$119 - 146	25.5%	Hines, National Pension Service of Korea	Under development
1 Vanderbilt Ave - One Vanderbilt	1,657,000	2020	99.00%	TD, The Carlyle Group, Greenberg Traurig	\$95 - 117	71.0%	Hines, National Pension Service of Korea	Flagship property
1515 Broadway - One Astor Plaza	1,865,666	1972 / 2010	99.80%	Paramount Global	\$73 - 90	56.9%	Allianz/PIMCO	
1185 Avenue of the Americas	1,101,646	1971	70.00%	King & Spalding	\$60 - 70	100.0%		
5 Times Sq - Five Times Square	1,169,964	2002	31.00%	Roku	\$70 - 85	31.6%	RXR	Formerly anchored by EY
11 Madison Ave - Met Life North	2,310,056	1932 / 1996	96.40%	Credit Suisse, Sony, Endeavor	\$81 - 99	60.0%	PGIM	CS lease a concern
100 Park Ave - Emporis Building	907,000	1949 / 2008	80.20%	ABN AMRO, AECOM Tishman	\$72 - 87	50.0%		
220 E 42nd St - Daily News Building	1,187,000	1928 / 2015	90.60%	Omnicom Group, VNS Health, PIX11	\$61 - 75	51.0%	Meritz Alternative Investment Management	
245 Park Avenue	1,784,480	1967 / 2017	84.80%	SocGen, Houlihan Lokey, Ares Management	\$81 - 100	100.0%		Recently taken over in foreclosure
280 Park Avenue	1,307,746	1968 / 2014	98.90%	PJT Partners, FTC, Cohen & Steers	\$97 - 119	50.0%	Vornado Realty Trust	
825 Eighth Ave - One Worldwide Plaza	2,051,943	1989 / 2013	91.70%	Nomura, Cravath, Swaine & Moore	\$62 - 76	25.0%	RXR, NY REIT	Anchor tenants likely leaving
885 Third Ave - Lipstick Building	633,113	1986 / 2006	97.70%	Memorial Sloan Kettering	\$81 - 99	100.0%		Partially sold to MSK
919 Third Avenue	1,547,243	1970 / 2015	80.10%	Bloomberg, Schulte Roth & Zabel	\$69 - 85	51.0%	NYSTRS	Just refinanced for \$500M

Portfolio



	# ASSETS	RSF
CURRENT PROPERTIES	44	29.3
DEBT INVESTMENTS ¹	15	7.8
CURRENT PORTFOLIO	59	37.1
SOLD PROPERTIES	77	25.4
PRIOR DEBT INVESTMENTS ¹	101	61.6
TOTAL FOOTPRINT	237	124.1

¹ Includes Green Loan Services and CMBS bonds held by Belmont Insurance Company

Full Portfolio



SL Green Portfolio

Properties (As of December 31, 2022)	Ownership Interest (%)	Submarket	Ownership	Square Feet ⁽¹⁾	Occupancy (%)	RETAIL PROPERTIES	30.0	Herald Square/Penn Station	Fee Interest	17,150	100.0
OFFICE PROPERTIES											
1 One Vanderbilt Avenue	71.0	Grand Central	Fee Interest	1,657,198	96.8	26 11 West 34th Street	30.0	Herald Square/Penn Station	Fee Interest	17,150	100.0
2 2 Herald Square	51.0	Herald Square	Leasehold Interest	369,000	84.6	27 21 East 66th Street	32.3	Plaza District	Fee Interest	13,069	100.0
3 10 East 53rd Street	55.0	Plaza District	Fee Interest	354,300	96.0	28 85 Fifth Avenue	36.3	Midtown South	Fee Interest	12,946	100.0
4 11 Madison Avenue	60.0	Park Avenue South	Fee Interest	2,314,000	96.4	29 115 Spring Street	51.0	Soho	Fee Interest	5,218	100.0
5 100 Church Street	100.0	Downtown	Fee Interest	1,047,500	90.3	30 121 Greene Street	50.0	Soho	Fee Interest	7,131	100.0
6 100 Park Avenue	50.0	Grand Central South	Fee Interest	834,000	84.2	31 650 Fifth Avenue	50.0	Plaza District	Leasehold Interest	69,214	100.0
7 110 Greene Street	100.0	Soho	Fee Interest	223,600	86.1	32 690 Madison Avenue	100.0	Plaza District	Fee Interest	7,848	100.0
8 125 Park Avenue	100.0	Grand Central	Fee Interest	604,245	95.7	33 717 Fifth Avenue	10.9	Midtown/Plaza District	Fee Interest	119,550	90.4
9 220 East 42nd Street	51.0	Grand Central	Fee Interest	1,135,000	92.6	34 719 Seventh Avenue	75.0	Times Square	Fee Interest	10,040	—
10 245 Park Avenue	100.0	Park Avenue	Fee Interest	1,782,793	83.9	35 1552-1560 Broadway	50.0	Times Square	Fee Interest	57,718	88.3
11 280 Park Avenue	50.0	Park Avenue	Fee Interest	1,219,158	95.9	SUBTOTAL					
12 304 Park Avenue South	100.0	Midtown South	Fee Interest	215,000	100.0	319,884					
13 420 Lexington Avenue (Graybar)	100.0	Grand Central North	Leasehold Interest	1,188,000	85.0	DEVELOPMENT / REDEVELOPMENT					
14 450 Park Avenue	25.1	Park Avenue	Fee Interest	337,000	79.8	36 5 Times Square	31.6	Times Square	Leasehold Interest	1,127,931	22.5
15 461 Fifth Avenue	100.0	Midtown	Fee Interest	200,000	77.1	37 19 East 65th Street	100.0	Plaza District	Fee Interest	14,639	5.5
16 485 Lexington Avenue	100.0	Grand Central North	Fee Interest	921,000	76.6	38 185 Broadway	100.0	Lower Manhattan	Fee Interest	50,206	25.9
17 555 West 57th Street	100.0	Midtown West	Fee Interest	941,000	96.8	39 625 Madison Avenue	100.0	Plaza District	Leasehold Interest	563,000	18.1
18 711 Third Avenue	100.0 ⁽²⁾	Grand Central North	Leasehold Interest ⁽²⁾	524,000	94.7	40 750 Third Avenue	100.0	Grand Central North	Fee Interest	780,000	24.0
19 800 Third Avenue	60.5	Grand Central North	Fee Interest	526,000	84.2	41 885 Third Avenue	100.0	Midtown/Plaza District	Fee/Leasehold Interest	218,796	76.5
20 810 Seventh Avenue	100.0	Times Square	Fee Interest	692,000	86.5	SUBTOTAL					
21 919 Third Avenue	51.0	Grand Central North	Fee Interest	1,454,000	99.9	2,754,572					
22 1185 Avenue of the Americas	100.0	Rockefeller Center	Leasehold Interest	1,062,000	69.3	CONSTRUCTION IN PROGRESS					
23 1350 Avenue of the Americas	100.0	Rockefeller Center	Fee Interest	562,000	88.1	42 15 Beekman	20.0	Lower Manhattan	Leasehold Interest	221,884	N/A
24 1515 Broadway	56.9	Times Square	Fee Interest	1,750,000	99.7	43 One Madison Avenue	25.5	Park Avenue South	Fee Interest	1,396,426	N/A
25 Worldwide Plaza	25.0	Westside	Fee Interest	2,048,725	91.7	44 760 Madison Avenue	100.0	Plaza District	Fee Interest	58,574	N/A
SUBTOTAL						SUBTOTAL					
23,961,519						1,676,884					
NEW YORK CITY GRAND TOTAL						RESIDENTIAL PROPERTIES					
						45 7 Dey Street	100.0	Lower Manhattan	Fee Interest	140,382	89.5
						SUBTOTAL					
						140,382					
SUBURBAN PORTFOLIO						NEW YORK CITY GRAND TOTAL					
						28,853,241					
						Landmark Square					
						100.0	Stamford, Connecticut	Fee Interest	862,800	79.3	
SUBURBAN GRAND TOTAL						SUBURBAN GRAND TOTAL					
						862,800					
						TOTAL PORTFOLIO					
						29,716,041					

(1) Square Feet – Represents the rentable square footage at the time the property was acquired

(2) The Company owns 50% of the fee interest

Performance Metrics



1-YEAR RETURN -64.20%	2-YEAR RETURN -39.52%	3-YEAR RETURN -15.22%
5-YEAR RETURN -20.58%	10-YEAR RETURN -8.80%	MARKET CAP \$1.5 B
DIVIDEND YIELD 13.95%	DIVIDEND AMOUNT \$0.27	EX-DIVIDEND DATE 3/30/2023

Source: Nareit, 4/27/2023



Return Calculation



March 09, 2009: \$6.03

April 28, 2023: \$23.67

Total Dividends: \$84.68

Total Stock Return : 1696.849%



Total Stock Return Calculator

Initial Share Price (P_0)

6.03

Ending Share Price (P_1)

23.67

Dividends (D)

84.68

= 1696.849%

$$\frac{\$23.67 - \$6.03 + \$84.68}{\$6.03} = 1696.849\%$$

Stock Performance



● **SLG** -76.31%
Performance
since 04/27/2018
(1826 days)

● **SP500** 54.89%
Performance
since 04/27/2018
(1826 days)

● **NDAQ** 85.20%
Performance
since 04/27/2018
(1826 days)

● **DOW** 7.43%
Performance
since 03/20/2019
(1499 days)

Stock Quote
NYSE: SLG
\$23.93 +0.635 (+2.73%)



Recommendation Rating



	Current 4/29/22 to 4/29/23	1 Month Ago 3/30/22 to 3/30/23	3 Months Ago 1/29/22 to 1/29/23	1 Year Ago 4/29/21 to 4/29/22			
Consensus Rating	Hold	Hold	Hold	Hold			
Strong Buy	0	0	0	0			
Buy	2	1	3	2			
Hold	9	10	9	8			
Sell	4	4	1	0			
Consensus Price Target	\$36.19	\$37.63	\$48.29	\$83.03			
Predicted Upside	▲ 52.88% Upside	▲ 15.23% Upside	▲ 17.91% Upside	▲ 6.11% Upside			
Date	Brokerage	Analyst Name	Action	Rating	Price Target	Upside/Do... on Report Date	Details
4/24/2023	BMO Capital Markets ★★★★★ 🔍		Boost Target		\$30.00 → \$32.00	+32.89%	
3/31/2023	Morgan Stanley ★★★★★ 🔍		Lower Target	Equal Weight	\$35.00 → \$21.00	-6.75%	
3/27/2023	Citigroup ★★★★★ 🔍		Lower Target	Sell	\$35.00 → \$17.00	-16.30%	
3/27/2023	Evercore ISI ★★★★★ 🔍		Lower Target	In-Line	\$38.00 → \$33.00	+59.88%	
3/23/2023	Barclays ★★★★★ 🔍		Downgrade	Equal Weight → Underweight	\$22.00	+0.50%	
3/21/2023	The Goldman Sachs Group ★★★★★ 🔍		Initiated Coverage	Sell	\$18.00	-25.25%	

- Buy
 - ◆ BMO: Boost Target
- Hold
 - ◆ Morgan Stanley: Equal Weight
 - ◆ Evercore: In-Line
- Sell
 - ◆ Citi: Sell
 - ◆ Goldman Sachs: Sell
 - ◆ Barclays: Downgrade

Assets & Liabilities



Assets	
Total Assets	\$12,355,794,000
Accumulated Depreciation	\$2,039,554,000
Gross Book Value	\$14,395,348,000
Total Leverage	20.8%

Liabilities	
Mortgage Notes Payable	\$3,227,563,000
Net Notes	\$99,692,000
Lines of Credit	\$443,217,000
Gross Book Value	\$3,770,472,000

Assets & Liabilities



■ Total Assets (B) ■ Total Liabilities (B) ■ Debt to Asset (%)

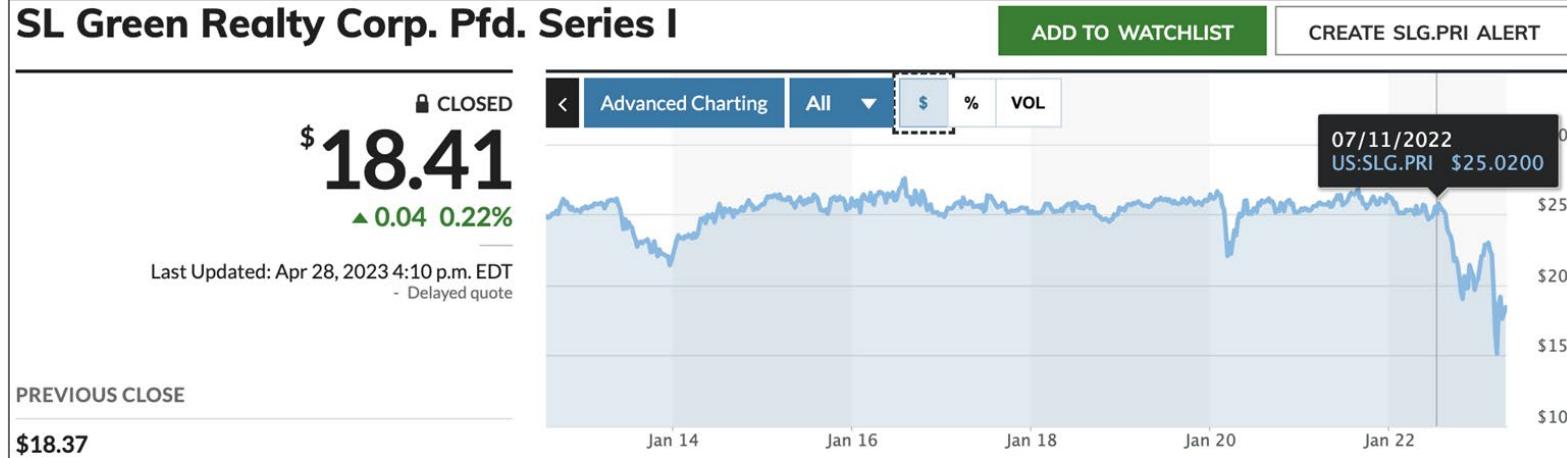


Year	Total Assets	Total Liabilities	Debt to Asset
FY 2018	12.75	6.12	47.96
FY 2019	12.77	6.56	51.35
FY 2020	11.71	6.21	53.05
FY 2021	11.07	5.75	51.94
FY 2022	12.36	7.26	58.77

Preferred Equity



- In 2012, SL Green issued 9.2 million shares of preferred stock with a yield of 6.50%, based on its issue price.
- Currently, the stock has a dividend yield of 8.83%, based on the current market price.



NAV



2022	
NOI	\$ 332,270
Cap Rate	6.00%
Market Value of Properties	\$ 5,537,833
Add: Assets	
Land and land interests	\$ 1,576,927
Cash and cash equivalents	\$ 203,273
Investments in marketable securities	\$ 11,240
Debt and preferred equity investments	\$ 623,280
Investments in unconsolidated joint ventures	\$ 3,190,137
Other assets	\$ 546,945
Less: Liabilities	
Mortgages and other loans payable,	\$ (3,227,563)
Revolving credit facility, net	\$ (443,217)
Unsecured term loans, net	\$ (1,641,552)
Unsecured notes, net	\$ (99,692)
Accrued interest payable	\$ (14,227)
Other liabilities	\$ (236,211)
Accounts payable and accrued expenses	\$ (154,867)
Deferred revenue	\$ (272,248)
Lease liability	\$ (999,318)
Dividend and distributions payable	\$ (21,569)
Security deposits	\$ (50,472)
Debentures	\$ (100,000)
Less: Preferred	\$ (177,943)
Net Asset Value	\$ 4,250,756
Diluted Shares	67,929,000
NAV/share	\$ 62.58

Cap Rate	Net Asset Value	NAV/share	Premium/Discount
6.00%	\$ 4,250,756	\$ 62.58	-46%
6.50%	\$ 3,824,769	\$ 56.31	-40%
7.00%	\$ 3,459,637	\$ 50.93	-34%
7.50%	\$ 3,143,190	\$ 46.27	-27%
8.00%	\$ 2,866,298	\$ 42.20	-20%
8.50%	\$ 2,621,982	\$ 38.60	-13%

- SLG stock was trading at a discount
- The breakeven for stock price and NAV/share is possible at 9.3% cap rate

*Note: All values are in thousands

Implied Cap Rate



Market Capitalization	\$1,540,000,000
<i>Plus: Mortgages and other loans payable</i>	<i>\$3,234,489,000</i>
<i>Less: Cash and cash equivalents</i>	<i>\$158,937,000</i>
<i>Less: Restricted cash</i>	<i>\$198,325,000</i>
<i>Less: Investment in marketable securities</i>	<i>\$10,273,000</i>
<i>Less: Tenant and other receivables</i>	<i>\$36,289,000</i>
<i>Less: Related party receivables</i>	<i>\$26,794,000</i>
<i>Less: Deferred rents receivable</i>	<i>\$266,567,000</i>
<i>Less: Debt and preferred equity investments</i>	<i>\$626,803,000</i>
<i>Less: Deferred costs, net</i>	<i>\$117,602,000</i>
<i>Less: Other assets</i>	<i>\$592,898,000</i>
Implied Market Value of Real Estate	\$2,740,001,000
NOI	\$228,872,000
Implied Cap Rate	8.35%

2023 Implied Cap Rate

Company Operating Metrics

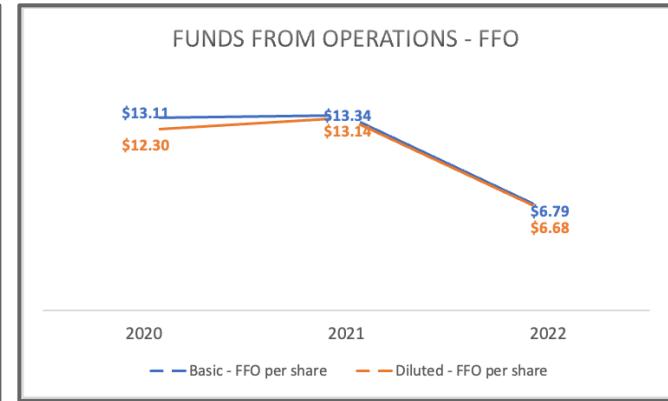
Company-Level Industry Statistics

▼ Same-Store NOI	364.33	7
YOY Growth	9.65%	
▼ Same-Store NOI Growth (%)		
YOY Growth		
▼ Manhattan Same-Store Occupancy	89.10	5
YOY Growth	-2.30%	
▼ Total Office Portfolio Rental Rate	746.22	9
YOY Growth	11.13%	
▼ Suburban Occupancy Rate (%)	78.33	2
YOY Growth	-1.23%	
▼ Implied Cap Rate (%)	6.53	1
YOY Growth		
▼ Second cycle tenant improvement	35.90	6
YOY Growth	12.33%	

FFO



FFO	2022	2021	2020
Net (loss) income attributable to SL G	\$ (93,024)	\$ 434,804	\$ 356,105
Add			
Depreciation and amortization	\$ 215,306	\$ 216,869	\$ 313,668
Noncontrolling interests in the Operatir	\$ (5,794)	\$ 25,457	\$ 20,016
Noncontrolling interests in other partner	\$ 1,122	\$ (1,884)	\$ 14,940
Joint venture depreciation and noncont	\$ 252,893		
Less			
Equity in net (loss) gain on sale of intere	\$ (131)	\$ (32,757)	\$ 2,961
(Loss) gain on sale of real estate, net	\$ (84,485)	\$ 287,417	\$ 215,506
Depreciable real estate reserves and in	\$ (6,313)	\$ (23,794)	\$ (60,454)
Funds From Operations - FFO	\$ 461,432	\$ 929,906	\$ 923,196
Basic - FFO per share	\$ 6.79	\$ 13.34	\$ 13.11
Diluted - FFO per share	\$ 6.68	\$ 13.14	\$ 12.30
Basic weighted average common share	67,929	69,727	70,397
Diluted weighted average common sha	69,053	70,769	75,078

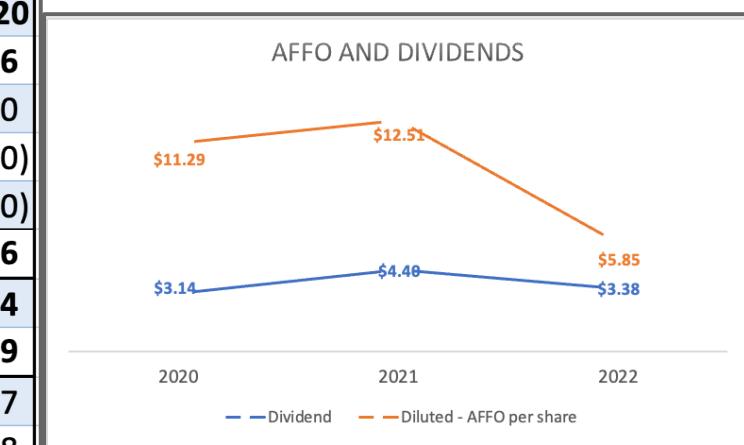


- FFO was reduced substantially in 2022 due to the losses occurred and reduced Net Income.
- There was a loss of \$84.8 millions in 2022 by sale of property, major losses happened in Q2 and Q4.
- The FFO multiple was 5.04x by the end of December 2022 at a share price of \$33.62.

AFFO



AFFO	2022	2021	2020
Funds From Operations - FFO	\$ 461,432	\$ 929,906	\$ 923,196
Amortization of Financing Costs	\$ 7,820	\$ 11,420	\$ 11,790
Straight Line Rent	\$ (21,830)	\$ (12,160)	\$ (23,200)
Tenant Improvements and Leasing	\$ (43,640)	\$ (43,640)	\$ (63,960)
AFFO	\$ 403,782	\$ 885,526	\$ 847,826
Basic - AFFO per share	\$ 5.94	\$ 12.70	\$ 12.04
Diluted - AFFO per share	\$ 5.85	\$ 12.51	\$ 11.29
Basic weighted average common share	67,929	69,727	70,397
Diluted weighted average common sha	69,053	70,769	75,078



- AFFO was reduced by almost 50% in 2022.
- The dividend coverage ratio seems greatly reduced in 2022 due to reduction in AFFO.
- The AFFO multiple was 5.67x by the end of December 2022 at a share price of \$33.62.

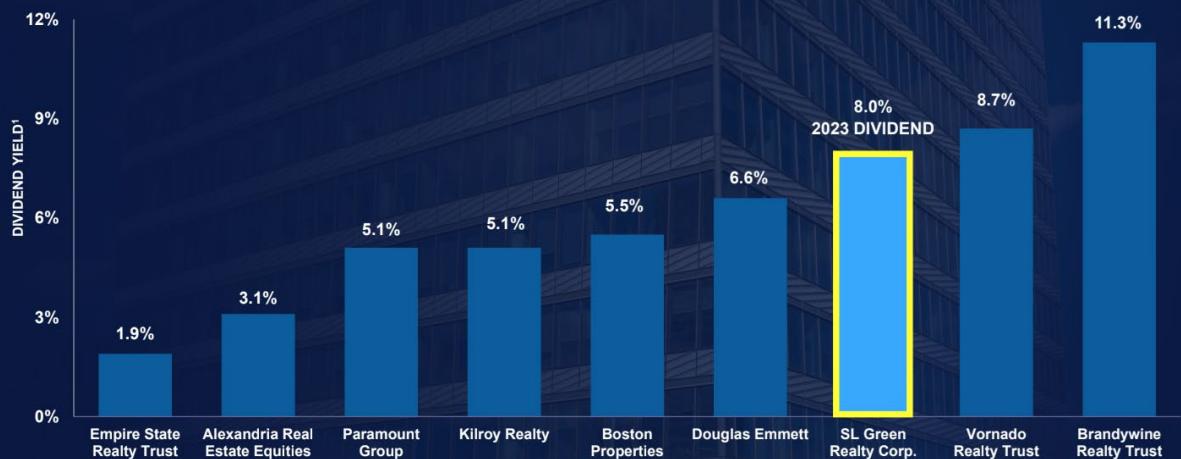
Dividend Yield Comparison



DIVIDEND YIELD COMPARISON – OFFICE PEERS

SLG 2023 ORDINARY DIVIDEND: \$3.25 / SHARE

SLG 2022 ORDINARY DIVIDEND: \$3.73 / SHARE



- 2022: \$3.25/share (9.2%)
- 2023: \$3.73/share (8.0%)

Source: IBES consensus estimates based on Market Data as of 12/2/22. Excludes special dividends.

¹Dividend Yield Calculated Using the Annualized Dividend Divided by the Closing Share Price of \$40.61 as of 12/2/22. Office Peer Data not Reflective of Potential Dividend Reductions

Enterprise Value



Total Property Revenue	\$ 826,739
Less: Operating Expense	174,063
Less: RE Tax	138,228
NOI	652,676
Cap Rate	8.35%
Book Value	7,816,479
Cash & Cash Equivalents	203,273
Land and Land Interests	1,576,927
Market Value	9,596,679

Comparable Analysis



Notable Competitor: *Empire State Realty Trust (NYSE: ESRT)*

- NYC-focused REIT investing in office, retail and multifamily assets
 - 8.9 million square feet of office space
 - 718,000 square feet of retail space
 - 721 residential units across three multifamily properties
- Founded in 1934 by Lawrence A. Wien
- Owner of the iconic Empire State Building
- Majority of properties are Class A office buildings located in Midtown, primarily around Herald Square
- Stock is currently trading at \$5.71 with a 2.45% dividend yield.



Comparable Analysis



Year	SLG			ESRT		
	2020	2021	2022	2020	2021	2022
Revenue	1052.74	843.99	826.74	609.23	624.09	727.04
Occupancy (%)	93.4	93	91.2	85.9	82.4	85.2
NOI	415.87	331.63	332.27	316.05	343.39	404.33
NOI Margin (%)	52.8	51.3	52.2	51.88	55.02	55.61
Year	SLG			ESRT		
	2020	2021	2022	2020	2021	2022
Debt	2085.23	1789.92	3670.78	1,360.72	1,361.60	1,362.43
EBITDA	536.56	395.83	393.30	249.67	280.94	343.92
Debt/EBITDA	3.89	4.52	9.33	5.45	4.85	3.96
Change (%)	-	16.35%	106.40%	-	-11.07%	-18.26%

WACC



Cost of Equity	
Risk Free Rate	4.00%
Market Risk Premium	6%
Beta	1.47
CAPM	12.82%

Book Value Equity	1,540,000,000
Book Value Debt	4,565,880,000
Weight of Equity	25%
Weight of Debt	75%

WACC	7.91%
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Cost of Debt	
Using a bond from Boston Properties	
Symbol	BXP5500537
CUSIP	10112RBG8
Maturity Date	12/1/2027
Coupon Payment	\$6.75
Price	\$102.08
Date Today	4/30/2023
Periods	10
Rate (YTM)	6.26%

- SLG does not currently have any bonds, therefore, we used a bond from Boston Properties as a comparable to get an idea of their cost of debt.
- SLG's share of equity to debt is high for a REIT. Normally we would expect these ratios to be closer to a 50/50 split.

DCF Analysis



Growth Rate Assumptions	
Operating CF	-5%
Capex	8%
Terminal Rate	4%
Discount Rate	7.91%

→ SLG is slightly undervalued based on our DCF analysis.

	1 2023	2 2024	3 2025
Operating CF	316,065,000.00	300,261,750.00	285,248,662.50
Capex	25,285,200.00	24,020,940.00	22,819,893.00
Available CF	290,779,800.00	276,240,810.00	262,428,769.50
PV of ACF	269,455,478.97	237,210,227.09	208,823,706.43
Sum of PV	715,489,412.50		
Year 3 CF	262,428,769.50		
Grow It	272,925,920.28		
Cap It	6,973,323,935.4		
PV of Terminal Value	5,548,916,580.6		
Gross Value	5,811,345,350.1		
Less Debt	3,670,780,000.0		
Add Cash	203,273,000.00		
Credit Facility	443,217,000.00		
Net Value	1,900,621,350.1		
Shares Outstanding	67,929,000		
Share Value	\$27.98		

DDM Analysis



Growth Rate Year 1-3	-5%
Growth Rate Year 3+	3%
Discount Rate	7.91%
Cap Rate for Terminal Value	4.91%

	Year 0	Year 1	Year 2	Year 3	Year 4
	5/2/23	5/31/24	5/31/25	5/31/26	5/31/27
Dividend	\$3.25	\$3.09	\$2.93	\$2.79	\$2.87
Discounted Dividend	-	\$2.86	\$2.52	\$2.22	

PV of Dividends Yr1-3	\$7.60
Terminal Value	\$58.41
Discounted Terminal Value	\$46.48
Price Per Share	\$49.35

→ According to our DDM analysis, SLG is undervalued.

Diversification



Caesars Palace Times Square



Caesars Palace Times Square



Summit One Vanderbilt



Armani Residences



7 Dey St



One Madison Boulud Restaurant

Net Income Projection



	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenues				-5.00%	-5.00%	0.00%	5.00%	3.00%	3.00%
Rental revenue, net	804,423	678,176	671,500	637,925	606,029	606,029	636,330	655,420	675,083
Investment income	120,163	80,340	81,113	81,113	77,057	77,057	80,910	83,338	85,838
Other income	128,158	85,475	74,126	74,126	70,420	70,420	73,941	76,159	78,444
Total revenues	1,052,744	843,991	826,739	793,164	753,506	753,506	791,181	814,917	839,364
Expenses									
Operating expenses	183,200	167,153	174,063	174,063	174,063	174,063	174,063	174,063	174,063
Real estate taxes	176,315	152,835	138,228	138,228	131,317	131,317	137,882	142,019	146,279
Other expenses	156,670	128,170	121,150	121,150	121,150	121,150	121,150	121,150	121,150
Total expenses	516,185	448,158	433,441	433,441	426,530	426,530	433,095	437,232	441,492
EBITDA	536,559	395,833	393,298	359,723	326,976	326,976	358,086	377,685	397,872
Depreciation and amortization	325,462	228,293	223,123	223,123	223,123	223,123	223,123	223,123	223,123
Interest expense, net of interest income	116,679	70,891	89,473	156,578	187,893	187,893	131,525	92,068	92,068
Net Income	94,418	96,649	80,702	(19,978)	(84,040)	(84,040)	3,437	62,494	82,681

Conclusion



- Despite SLG's large outstanding debt, which is worrisome, and its focus on office space, which has fared poorly over the last few years, we believe it is a good investment today.
- All three of our value analyses state that the REIT is currently undervalued to varying degrees.
 - ◆ DCF: \$27.98
 - ◆ DDM: \$49.35
 - ◆ NAV: \$42.20
 - ◆ Current share price: \$21.55
- They have relatively high occupancy rates compared to ESRT and the rest of the market. This is largely driven by their focus on Class A office space, which mitigates some of the headwinds affecting the space at the moment.
- With many of their tenants being investment grade companies and their high occupancy rates, we would not expect them to have trouble refinancing any existing debt on their assets.