

SL GREEN REALTY CORP  
Form 10-Q  
May 10, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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

**For the quarterly period ended March 31, 2010**

**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**

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## SL GREEN REALTY CORP.

(Exact name of registrant as specified in its charter)

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**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

**13-3956775**  
(I.R.S. Employer  
Identification No.)

**420 Lexington Avenue, New York, New York 10170**

(Address of principal executive offices) (Zip Code)

**(212) 594-2700**

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller Reporting Company

(Do not check if a smaller reporting company)

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

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The number of shares outstanding of the registrant's common stock, \$0.01 par value, was 77,963,290 as of April 30, 2010.

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**PART I. FINANCIAL INFORMATION**

**ITEM 1. Financial Statements**

**SL Green Realty Corp.**

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Condensed Consolidated Balance Sheets

(Amounts in thousands, except per share data)

	March 31, 2010 (Unaudited)	December 31, 2009
<b>Assets</b>		
Commercial real estate properties, at cost:		
Land and land interests	\$ 1,411,560	\$ 1,379,052
Building and improvements	5,682,183	5,585,584
Building leasehold and improvements	1,281,151	1,280,256
Property under capital lease	12,208	12,208
	8,387,102	8,257,100
Less: accumulated depreciation	(790,171)	(738,422)
	7,596,931	7,518,678
Assets held for sale	992	992
Cash and cash equivalents	167,654	343,715
Restricted cash	170,318	94,495
Investment in marketable securities	78,048	58,785
Tenant and other receivables, net of allowance of \$17,549 and \$14,271 in 2010 and 2009, respectively	22,980	22,483
Related party receivables	3,218	8,570
Deferred rents receivable, net of allowance of \$25,481 and \$24,347 in 2010 and 2009, respectively	176,601	166,981
Structured finance investments, net of discount of \$86,439 and \$46,802 and allowance of \$99,844 and \$93,844 in 2010 and 2009, respectively	786,138	784,620
Investments in unconsolidated joint ventures	1,053,754	1,058,369
Deferred costs, net	151,856	139,257
Other assets	305,750	290,632
<b>Total assets</b>	<b>\$ 10,514,240</b>	<b>\$ 10,487,577</b>
<b>Liabilities</b>		
Mortgage notes payable	\$ 2,723,146	\$ 2,595,552
Revolving credit facility	900,000	1,374,076
Senior unsecured notes	1,053,255	823,060
Accrued interest payable and other liabilities	23,002	34,734
Accounts payable and accrued expenses	137,278	125,982
Deferred revenue/gains	344,772	349,669
Capitalized lease obligation	16,930	16,883
Deferred land leases payable	18,076	18,013
Dividend and distributions payable	14,248	12,006
Security deposits	39,903	39,855
Junior subordinate deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
<b>Total liabilities</b>	<b>5,370,610</b>	<b>5,489,830</b>
<b>Commitments and contingencies</b>		
Noncontrolling interest in operating partnership	80,642	84,618
<b>Equity</b>		
SL Green stockholders' equity:		
Series C preferred stock, \$0.01 par value, \$25.00 liquidation preference, 11,700 and 6,300 issued and outstanding at March 31, 2010 and December 31, 2009, respectively	274,149	151,981
Series D preferred stock, \$0.01 par value, \$25.00 liquidation preference, 4,000 issued and outstanding at March 31, 2010 and December 31, 2009, respectively	96,321	96,321
Common stock, \$0.01 par value 160,000 shares authorized and 81,284 and 80,875 issued and outstanding at March 31, 2010 and December 31, 2009, respectively (including 3,360 shares at both March 31, 2010 and December 31, 2009, held in Treasury, respectively)	813	809

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Additional paid-in-capital	<b>3,542,197</b>	3,525,901
Treasury stock at cost	<b>(302,705)</b>	(302,705)
Accumulated other comprehensive loss	<b>(21,902)</b>	(33,538)
Retained earnings	<b>949,083</b>	949,669
Total SL Green stockholders' equity	<b>4,537,956</b>	4,388,438
Noncontrolling interests in other partnerships	<b>525,032</b>	524,691
Total equity	<b>5,062,988</b>	4,913,129
Total liabilities and equity	<b>\$ 10,514,240</b>	\$ 10,487,577

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



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## SL Green Realty Corp.

## Condensed Consolidated Statements of Income

(Unaudited, and amounts in thousands, except per share data)

	Three Months Ended March 31,	
	2010	2009
<b>Revenues</b>		
Rental revenue, net	\$ 198,586	\$ 195,629
Escalation and reimbursement	31,468	33,629
Preferred equity and investment income	20,379	16,898
Other income	8,200	16,281
Total revenues	258,633	262,437
<b>Expenses</b>		
Operating expenses (including approximately \$3,104 (2010) and \$3,432 (2009) paid to affiliates)	58,766	55,092
Real estate taxes	38,387	36,750
Ground rent	7,821	8,046
Interest expense, net of interest income	57,479	59,997
Amortization of deferred financing costs	2,516	1,436
Depreciation and amortization	57,052	54,465
Loan loss and other investment reserves	6,000	62,000
Marketing, general and administrative	19,456	17,922
Total expenses	247,477	295,708
Income (loss) from continuing operations before equity in net income of unconsolidated joint ventures, noncontrolling interests, and discontinued operations	11,156	(33,271)
Equity in net income from unconsolidated joint ventures	15,376	13,073
Equity in net gain on sale of interest in unconsolidated joint ventures/ real estate		9,541
Loss on equity investment in marketable securities	(285)	(807)
Gain(loss) on early extinguishment of debt	(113)	47,712
Income from continuing operations	26,134	36,248
Net income (loss) from discontinued operations		(286)
Gain on sale of discontinued operations		6,572
Net income	26,134	42,534
Net income attributable to noncontrolling interests in the operating partnership	(291)	(1,320)
Net income attributable to noncontrolling interests in other partnerships	(3,648)	(3,477)
Net income attributable to SL Green	22,195	37,737
Preferred stock dividends	(7,116)	(4,969)
Net income attributable to SL Green common stockholders	\$ 15,079	\$ 32,768
<b>Amounts attributable to SL Green common stockholders:</b>		
Income from continuing operations	\$ 15,079	\$ 26,518
Discontinued operations		(63)
Gain on sale of discontinued operations		6,313
Net income	\$ 15,079	\$ 32,768
<b>Basic earnings per share:</b>		
Net income from continuing operations before gain on sale and discontinued operations	\$ 0.19	\$ 0.31
Net income from discontinued operations, net of noncontrolling interest		(0.01)
Gain on sale of discontinued operations, net of noncontrolling interest		0.11

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Gain on sale of unconsolidated joint ventures/ real estate			0.16
Net income attributable to SL Green common stockholders	\$	<b>0.19</b>	\$ 0.57
<b>Diluted earnings per share:</b>			
Net income from continuing operations before gain on sale and discontinued operations	\$	<b>0.19</b>	\$ 0.31
Net income from discontinued operations			(0.01)
Gain on sale of discontinued operations			0.11
Gain on sale of unconsolidated joint ventures/ real estate			0.16
Net income attributable to SL Green common stockholders	\$	<b>0.19</b>	\$ 0.57
Dividends per share	\$	<b>0.10</b>	\$ 0.375
Basic weighted average common shares outstanding		<b>77,823</b>	57,178
Diluted weighted average common shares and common share equivalents outstanding		<b>79,760</b>	59,555

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

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## SL Green Realty Corp.

## Condensed Consolidated Statement of Equity

(Unaudited, and amounts in thousands, except per share data)

	SL Green Realty Corp. Stockholders										Comprehensive Income
	Series C Preferred Stock	Series D Preferred Stock	Common Stock Shares	Par Value	Additional Paid- In-Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests	Total	
<b>Balance at December 31, 2009</b>	\$ 151,981	\$ 96,321	77,515	\$ 809	\$ 3,525,901	\$ (302,705)	\$ (33,538)	\$ 949,669	\$ 524,691	\$ 4,913,129	
Comprehensive Income:											
Net income								22,195	3,648	25,843	\$ 25,843
Net unrealized loss on derivative instruments							(4,629)			(4,629)	(4,629)
SL Green's share of joint venture net unrealized loss on derivative instruments							(1,397)			(1,397)	(1,397)
Unrealized gain on marketable securities							17,662			17,662	17,662
Preferred dividends								(7,116)		(7,116)	
Redemption of units and DRIP proceeds			266	3	12,033					12,036	
Reallocation of noncontrolling interest in the operating partnership								(7,533)		(7,533)	
Deferred compensation plan & stock award, net			102	1	316					317	
Amortization of deferred compensation plan					3,028					3,028	
Net proceeds from preferred stock offering	122,168									122,168	
Proceeds from stock options exercised			41		919					919	
Cash distributions to noncontrolling interests									(3,307)	(3,307)	

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Cash distribution declared (\$0.10 per common share of which none represented a return of capital for federal income tax purposes)										(8,132)		(8,132)									
<b>Balance at</b>																					
<b>March 31, 2010</b>	<b>\$</b>	<b>274,149</b>	<b>\$</b>	<b>96,321</b>	<b>77,924</b>	<b>\$</b>	<b>813</b>	<b>\$</b>	<b>3,542,197</b>	<b>\$</b>	<b>(302,705)</b>	<b>\$</b>	<b>(21,902)</b>	<b>\$</b>	<b>949,083</b>	<b>\$</b>	<b>525,032</b>	<b>\$</b>	<b>5,062,988</b>	<b>\$</b>	<b>37,479</b>

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

Table of Contents**SL Green Realty Corp.****Condensed Consolidated Statements of Cash Flows****(Unaudited, and amounts in thousands, except per share data)**

	Three Months Ended March 31,	
	2010	2009
<b>Operating Activities</b>		
Net income	\$ 26,134	\$ 42,534
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	59,568	56,917
(Gain) loss on sale of discontinued operations		(6,572)
Equity in net income from unconsolidated joint ventures	(15,376)	(13,073)
Equity in net gain on sale of unconsolidated joint ventures		(9,541)
Distributions of cumulative earnings from unconsolidated joint ventures	10,328	9,249
Loan loss and other investment reserves	6,000	62,000
Loss on equity investment in marketable securities	285	807
(Gain) loss on early extinguishment of debt	113	(47,712)
Deferred rents receivable	(10,754)	(7,089)
Other non-cash adjustments	(10,228)	(2,586)
Changes in operating assets and liabilities:		
Restricted cash operations	(10,082)	8,016
Tenant and other receivables	413	320
Related party receivables	5,352	(6,443)
Deferred lease costs	(7,934)	(4,677)
Other assets	(1,134)	(23,232)
Accounts payable, accrued expenses and other liabilities	12,293	(2,183)
Deferred revenue and land leases payable	1,704	(1,286)
Net cash provided by operating activities	66,682	55,449
<b>Investing Activities</b>		
Acquisitions of real estate property		
Additions to land, buildings and improvements	(13,857)	(17,570)
Escrowed cash capital improvements/acquisition deposits	(12,006)	537
Investments in unconsolidated joint ventures	(1,084)	(8,310)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	8,155	6,482
Net proceeds from disposition of real estate/ partial interest in property		17,154
Other investments	(1,131)	(1,935)
Structured finance and other investments net of repayments/participations	(40,320)	406
Net cash used in investing activities	(60,243)	(3,236)
<b>Financing Activities</b>		
Proceeds from mortgage notes payable		1,112
Repayments of mortgage notes payable	(12,079)	(6,878)
Proceeds from revolving credit facility and senior unsecured notes	250,000	
Repayments of revolving credit facility and senior unsecured notes	(495,465)	(305,392)
Proceeds from stock options exercised and DRIP issuance	12,164	
Net proceeds from sale of preferred stock	122,168	
Distributions to noncontrolling interests in other partnerships	(3,307)	(5,315)
Contributions from noncontrolling interests in other partnerships		
Redemption of noncontrolling interest in operating partnership	(11,096)	
Distributions to noncontrolling interests in operating partnership	(141)	(876)
Dividends paid on common and preferred stock	(12,835)	(26,441)

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Deferred loan costs and capitalized lease obligation	(31,909)	(1,658)
Net cash used in financing activities	(182,500)	(345,448)
Net decrease in cash and cash equivalents	(176,061)	(293,235)
Cash and cash equivalents at beginning of period	343,715	726,889
Cash and cash equivalents at end of period	\$ 167,654	\$ 433,654

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

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**SL Green Realty Corp.**

**Notes to Condensed Consolidated Financial Statements**

**(Unaudited)**

**March 31, 2010**

**1. Organization and Basis of Presentation**

SL Green Realty Corp., also referred to as the Company or SL Green, a Maryland corporation, and SL Green Operating Partnership, L.P., or the operating partnership, a Delaware limited partnership, were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities. The operating partnership received a contribution of interest in the real estate properties, as well as 95% of the economic interest in the management, leasing and construction companies which are referred to as the Service Corporation. All of the management, leasing and construction services with respect to the properties wholly-owned by us are conducted through SL Green Management LLC which is 100% owned by our operating partnership. The Company has qualified, and expects to qualify in the current fiscal year, as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code, and operates as a self-administered, self-managed REIT. A REIT is a legal entity that holds real estate interests and, through payments of dividends to stockholders, is permitted to reduce or avoid the payment of Federal income taxes at the corporate level. Unless the context requires otherwise, all references to we, our and us means the Company and all entities owned or controlled by the Company, including the operating partnership.

Substantially all of our assets are held by, and our operations are conducted through, the operating partnership. The Company is the sole managing general partner of the operating partnership. As of March 31, 2010, minority investors held, in the aggregate, a 1.8% limited partnership interest in the operating partnership. We refer to this as the noncontrolling interests in the operating partnership. See Note 13.

Reckson Associates Realty Corp., or Reckson, and Reckson Operating Partnership, L.P., or ROP, are subsidiaries of our operating partnership.

We completed the sale, or Asset Sale, of certain assets of ROP to an asset purchasing venture led by certain of Reckson's former executive management, or the Buyer, for a total consideration of approximately \$2.0 billion.

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

Location	Ownership	Number of Properties	Square Feet	Weighted Average Occupancy (1)
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Manhattan	Consolidated properties	22	14,829,700	90.9%
	Unconsolidated properties	8	9,429,000	93.4%
Suburban	Consolidated properties	25	3,863,000	83.5%
	Unconsolidated properties	6	2,941,700	94.2%
		61	31,063,400	91.0%

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

We also own investments in eight retail properties encompassing approximately 374,812 square feet, three development properties encompassing approximately 399,800 square feet and two land interests. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

### Partnership Agreement

In accordance with the partnership agreement of the operating partnership, or the operating partnership agreement, we allocate all distributions and profits and losses in proportion to the percentage ownership interests of the respective partners. As the managing general partner of the operating partnership, we are required to take such reasonable efforts, as determined by us in our sole discretion, to cause the operating partnership to distribute sufficient amounts to enable the payment of sufficient dividends by us to avoid any Federal income or excise tax at the Company level. Under the operating partnership agreement, each limited partner has the right to redeem units of limited partnership interests for cash, or if we so elect, shares of our common stock on a one-for-one basis.



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**SL Green Realty Corp.**

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## Notes to Condensed Consolidated Financial Statements

(Unaudited)

March 31, 2010

### Basis of Quarterly Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. The 2010 operating results for the period presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2010. These financial statements should be read in conjunction with the financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2009.

The balance sheet at December 31, 2009 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

## 2. Significant Accounting Policies

### Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries, which are wholly-owned or controlled by us. Entities which we do not control through our voting interest and entities which are variable interest entities, but where we are not the primary beneficiary, are accounted for under the equity method or as structured finance investments. See Note 5 and Note 6. All significant intercompany balances and transactions have been eliminated.

In June 2009, the FASB amended the guidance for determining whether an entity is a variable interest entity, or VIE, and requires the performance of a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE. Under this guidance, an entity would be required to consolidate a VIE if it has (i) the power to direct the activities that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. Adoption of this guidance on January 1, 2010 did not have a material impact on our consolidated financial statements.

A non-controlling interest in a consolidated subsidiary is defined as the portion of the equity (net assets) in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests are required to be presented as a separate component of equity in the consolidated balance sheet and modifies the presentation of net income by requiring earnings and other comprehensive income to be attributed to controlling and non-controlling interests.

We assess the accounting treatment for each joint venture and structured finance investment. This assessment includes a review of each joint venture or limited liability company agreement to determine which party has what rights and whether those rights are protective or participating. For all VIEs we review such agreements in order to determine which party has the power to direct the activities that most significantly impact the entity's economic performance. In situations where we or our partner approves, among other things, the annual budget, receives a detailed monthly reporting package from us, meets on a quarterly basis to review the results of the joint venture, reviews and approves the joint venture's tax return before filing, and approves all leases that cover more than a nominal amount of space relative to the total rentable space at each property, we do not consolidate the joint venture as we consider these to be substantive participation rights that result in shared power of the activities that most significantly impact the performance of our joint venture. Our joint venture agreements also contain certain protective rights such as the requirement of partner approval to sell, finance or refinance the property and the payment of capital expenditures and operating expenditures outside of the approved budget or operating plan. We have no VIEs for which we are the primary beneficiary.

#### **Investment in Commercial Real Estate Properties**

On a periodic basis, we assess whether there are any indicators that the value of our real estate properties may be impaired or that its carrying value may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted and without interest charges for consolidated properties and discounted for unconsolidated properties) to be generated by the property are less than the carrying value of the property. To the extent impairment has occurred and is considered to be other than temporary, the loss will be measured as the excess of the carrying amount of the property over the calculated fair value of the property. We do not believe that the value of any of our consolidated or unconsolidated rental properties were impaired at March 31, 2010 and December 31, 2009, respectively.

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**SL Green Realty Corp.**



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## Notes to Condensed Consolidated Financial Statements

(Unaudited)

March 31, 2010

We allocate the purchase price of real estate to land and building and, if determined to be material, intangibles, such as the value of above-, below- and at-market leases and origination costs associated with the in-place leases. We depreciate the amount allocated to building and other intangible assets over their estimated useful lives, which generally range from three to 40 years and from one to 14 years, respectively. The values of the above- and below-market leases are amortized and recorded as either an increase (in the case of below-market leases) or a decrease (in the case of above-market leases) to rental income over the remaining term of the associated lease, which range from one to 14 years. The value associated with in-place leases are amortized over the expected term of the associated lease, which range from one to 14 years. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off. The tenant improvements and origination costs are amortized as an expense over the remaining life of the lease (or charged against earnings if the lease is terminated prior to its contractual expiration date). We assess fair value of the leases 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.

We recognized an increase of approximately \$6.5 million and \$5.4 million in rental revenue for the three months ended March 31, 2010 and 2009, respectively, for the amortization of aggregate below-market leases in excess of above-market leases and a reduction in lease origination costs, resulting from the allocation of the purchase price of the applicable properties. We recognized a reduction in interest expense for the amortization of the above-market rate mortgages assumed of approximately \$0.3 million and \$1.8 million for the three months ended March 31, 2010 and 2009, respectively.

The following summarizes our identified intangible assets (acquired above-market leases and in-place leases) and intangible liabilities (acquired below-market leases) (amounts in thousands):

	March 31, 2010	December 31, 2009
Identified intangible assets (included in other assets):		
Gross amount	\$ 254,091	\$ 236,594
Accumulated amortization	(106,300)	(98,090)
Net	\$ 147,791	\$ 138,504
Identified intangible liabilities (included in deferred revenue):		
Gross amount	\$ 488,795	\$ 480,770
Accumulated amortization	(178,636)	(164,073)
Net	\$ 310,159	\$ 316,697

### Investment in Marketable Securities

We invest in marketable securities. At the time of purchase, we are required to designate a security as held-to-maturity, available-for-sale, or trading depending on ability and intent. We do not have any securities designated as held-to-maturity or trading at this time. Securities available-for-sale are reported at fair value pursuant to ASC 820-10, with the net unrealized gains or losses reported as a component of accumulated other comprehensive loss. Unrealized losses that are determined to be other-than-temporary are recognized in earnings. We recorded a net unrealized gain of approximately \$17.7 million in accumulated other comprehensive loss during the three months ended March 31, 2010.

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At March 31, 2010, we held the following marketable securities (in thousands):

Level 1	Equity marketable securities	\$	18,014
Level 2	Bonds		60,034
Total marketable securities available-for-sale		\$	78,048

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**SL Green Realty Corp.**

**Notes to Condensed Consolidated Financial Statements**

**(Unaudited)**

**March 31, 2010**

**Fair Value Measurements**

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,
- 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.

- Level 3A - Valuations based on third p