



SL Green Realty Corp. Reports 21% Gain in Third Quarter FFO

Third Quarter Highlights

-- 21% FFO increase, \$0.70 per share (diluted) versus \$0.58 prior

year

-- 14% same store portfolio cash NOI growth

-- Announced sales of 17 Battery South and 90 Broad Street

-- Announced the purchases of One Park Avenue, 1370 Broadway, and 180

Madison Avenue

-- Refinanced 420 Lexington Avenue; generating \$70 million in net

liquidity

Financial Results

NEW YORK--(BUSINESS WIRE)--October 25, 2000--SL Green Realty Corp. (NYSE:[SLG](#) - [news](#)) reported a 21% increase in operating results for the three months ended September 30, 2000.

During this period funds from operations (FFO) before minority interest totaled \$20.1 million, or \$0.70 per share (diluted), compared to \$15.9 million, or \$0.58 per share for the same quarter in 1999.

Total revenues increased 11% in the third quarter to \$60.9 million compared to \$54.7 million last year. The \$6.2 million growth in revenue resulted from:

-- 2000 same store portfolio (\$5.5 million)

-- Investment income (\$3.4 million)

-- 1999 acquisitions (\$1.0 million)

These revenue increases were partially offset by reduced revenues of properties sold (\$1.8 million) or contributed to unconsolidated joint ventures (\$1.9 million).

During the quarter, the Company received \$8.7 million and, after transaction costs and deferred compensation awards, recorded a gain of \$5.6 million, resulting from the early redemption of a preferred equity investment in 1370 Avenue of Americas and sale of the property. The gain on the redemption is not reflected in the Company's FFO results, as it is excluded from the definition of FFO. In connection with this transaction, the Company received \$0.7 million in accelerated investment income that is included in the Company's FFO results.

Same store cash NOI increased \$2.9 million, or 14%, to \$23.5 million over the same period in the prior year. Cash NOI margins before ground rent improved year over year from 54.9% to 55.6%. The improvement in cash NOI was driven primarily by a \$4.8 million increase in cash revenue due to:

-- A 30% increase in replacement rents over previously

fully-escalated rents (\$1.7 million)

-- Reduced free rent as many properties reached stabilization (\$0.3

million)

-- Increased occupancy from 95% to 98% (\$1.0 million)

-- Rent steps from current in-place tenants (\$0.5 million)

-- \$1.5 million increase in escalation and reimbursement income

primarily from increased electric recoveries (\$1.1 million)

The increase in revenue was partially offset by a \$2.0 million or 20% increase in operating costs, over half of which was related to higher utility costs (\$1.2 million) and the remainder from increased payroll and cleaning costs (\$0.6 million). The increased payroll and cleaning costs relate to increased overtime payroll (\$0.2 million) charged back to tenants, lower prior year costs related to benefit refunds (\$0.2 million), and 5% higher labor costs (\$0.2 million). Approximately 75% of the electric increase was recovered from tenants under the utility clause of their lease. In addition, real estate taxes increased due to higher assessed values at several properties (\$0.2 million).

The Company's EBITDA increased \$6.2 million, resulting in increased margins before ground rent of 65.4% compared to 57.7% for the same period last year and after ground rent margin improvement of 59.7% from 51.6% in the corresponding period. Margin improvement was driven by each of the Company's real estate investment themes:

-- GAAP NOI of \$2.9 million;

- \$2.8 million increase from same store portfolio (12% improvement)
- \$1.7 million increase from 1999 acquisitions
- \$0.4 million increase from joint ventures
- \$2.0 decrease from properties sold or contributed to a joint venture

-- Income from structured finance, \$3.5 million, and other \$0.1

million

-- Reduced MG&A, \$0.4 million primarily due to increased allocation

of costs to the service corporation and joint ventures

These increases in EBITDA were offset by (\$0.7 million) from minority interest in joint ventures.

FFO improved \$4.2 million as a result of:

-- \$6.2 million increase in EBITDA

-- \$0.7 million increase in income from unconsolidated joint

ventures, and

-- \$0.4 million from the acquisition of the minority interest in the

BMW building.

These improvements were offset in part by higher interest costs (\$2.9 million) associated with: higher average debt levels due to acquisition and new investment debt (\$1.6 million), the higher average debt levels due to the funding of ongoing capital projects and working capital requirements (\$0.5 million), and higher interest rates from floating rate debt (\$0.8 million).

At the end of the quarter, consolidated debt totaled \$472.1 million, reflecting a debt to market capitalization ratio of 35.2%.

New Investments to Date

On September 21, 2000, the Company entered into an agreement to purchase 1370 Broadway for \$50.4 million. This 16-story, 255,000 square foot office building is located in the heart of Times Square, directly across the street from 1372 Broadway,

another SL Green building. In-place rents are approximately \$27.72, approximately 38% below current market levels. The acquisition will be funded through the Company's unsecured line of credit. This transaction is scheduled to close January 2001.

On September 22, 2000, the Company, via a joint venture with Morgan Stanley Real Estate Fund III ("MSREF"), entered into an agreement to purchase 180 Madison Avenue for \$41.25 million. The property consists of 265,000 square feet over 23 floors. It is located at the corner of 34th Street and Madison Avenue. SL Green will purchase a 49.9% interest in the property. The Company intends to use the acquisition to effect a Section 1031 tax-free exchange in order to partially defer the capital gain resulting from the sale of 90 Broad Street. SL Green will assume managing and leasing responsibilities for the property. This transaction is scheduled to close December 2000.

On September 28, 2000, the Company entered into an agreement to purchase various ownership and mortgage interests in One Park Avenue for \$233.9 million. This 913,000 square foot, 20-story office building is located between 32nd and 33rd Streets with full block prominence on Park Avenue. The Company also acquired an option to purchase the ground lease position. The acquisition will be financed with a mortgage loan from Lehman Brothers Holdings, Inc. and the Company's unsecured line of credit. This transaction is scheduled to close in January 2001.

The Company announced that it has entered into contracts for the sale of two downtown properties:

The first is located at 90 Broad Street. This property is owned through a joint venture partnership with MSREF, and the Company owns a 35% interest in this partnership. The property is approximately 339,000 square feet with a contracted sales price of \$60 million, or \$177 per square foot. The sale is scheduled to close in November 2000.

The second is a wholly-owned property located at 17 Battery Place South. This property is approximately 400,000 square feet with a contracted sales price of \$53 million or \$132 per square foot. The sale is expected to occur in December 2000.

At September 30, 2000, SL Green's portfolio consisted of interests in 23 properties, aggregating 9.1 million square feet. Since September 30, 1999, the portfolio has grown by a net 0.6 million square feet, or 7%.

SL Green Realty is a self-administered and self-managed real estate investment trust ("REIT") that acquires, owns and manages a Class B Manhattan office portfolio. The Company is the only publicly held REIT which exclusively specializes in this niche.

Financial Tables attached

To receive SL Green's latest news release and other corporate documents, including the Third Quarter Supplemental Data, via FAX at

no cost, please contact the Investor Relations office at 212-216-1601.

All releases and supplemental data can also be downloaded directly

from the SL Green website at:

www.slgreen.com.

This press release contains forward-looking information based upon the Company's current best judgment and expectations. Actual results could vary from those presented herein. The risks and uncertainties associated with forward-looking information in this release include the strength of the commercial office and industrial real estate markets in New York, competitive market conditions, unanticipated administrative costs, timing of leasing income, general and local economic growth, interest rates and capital market conditions. For further information, please refer to the Company's filings with the Securities and Exchange Commission.

SL GREEN REALTY CORP.
STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	Sept 30		Sept 30	
	2000	1999	2000	1999
	-----		-----	
	(unaudited)		(unaudited)	
Revenue:				
Rental revenue, net	\$47,647	\$45,080	\$140,998	\$129,267
Escalations & reimbursement				

revenues	7,593	6,856	18,941	16,473
Signage Rent	496	559	1,593	1,112
Investment income	4,968	1,469	9,903	3,731
Other income	170	688	693	1,545
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Total revenues	60,874	54,652	172,128	152,128
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Expenses:				
Operating expenses	15,260	14,293	41,893	36,778
Ground rent	3,164	3,183	9,505	9,572
Interest	10,698	7,772	30,243	19,722
Depreciation and amortization	8,300	7,677	24,519	19,705
Real estate taxes	7,299	7,481	21,688	21,904
Marketing, general and administrative	2,540	2,979	8,517	8,387
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Total expenses	47,261	43,385	136,365	116,068
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Income before minority interests, preferred stock dividends, gain on sales, extraordinary item, service corporation and joint venture income	13,613	11,267	35,763	36,060
Equity in net income from affiliates	71	223	609	551
Equity in net income from unconsolidated joint ventures	586	151	2,209	151
Minority interests	(1,496)	(1,169)	(4,964)	(4,262)
Extraordinary losses	--	--	(430)	(628)
Gain on sale of rental properties/investments	5,624	--	24,646	--
Preferred stock dividends and accretion	(2,407)	(2,399)	(7,220)	(7,198)
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Net income available to common shareholders	\$15,991	\$8,073	\$50,613	\$24,674
	=====	=====	=====	=====
Basic earnings per share	\$0.65	\$0.33	\$2.08	\$1.02
Diluted earnings per share	\$0.64	\$0.33	\$2.05	\$1.02
Funds From Operations (FFO)				
FFO per share (Basic)	\$0.74	\$0.60	\$2.05	\$1.72
FFO per share (Diluted)	\$0.70	\$0.58	\$1.97	\$1.68
FFO Calculation:				
Income before minority interests, extraordinary items, preferred stock dividends and gains on sales	\$14,270	\$11,641	\$38,581	\$36,762
Less:				
Preferred stock dividend	(2,300)	(2,300)	(6,900)	(6,900)
Minority interest in commercial property	--	(354)	--	(1,765)
Add:				
Joint venture FFO adjustment	842	120	2,468	120
Depreciation and amortization	8,300	7,677	24,519	19,705
Amortization of deferred financing costs and depreciation of non-real estate assets	(1,042)	(878)	(3,105)	(2,140)
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FFO - BASIC	20,070	15,906	55,563	45,782
Add: Preferred stock dividends	2,300	2,300	6,900	6,900
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FFO - DILUTED	\$22,370	\$18,206	\$62,463	\$52,682
	=====	=====	=====	=====

Basic ownership interests				
Weighted average REIT common shares	24,458	24,200	24,329	24,195
Weighted average partnership units held by minority interest	2,346	2,428	2,385	2,428
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Basic weighted average shares and units outstanding	26,804	26,628	26,714	26,623
	=====	=====	=====	=====
Diluted ownership interest				
Weighted average REIT common and common share equivalent share	24,954	24,278	24,678	24,258
Weighted average partnership units held by minority interests	2,346	2,428	2,385	2,428
Common share equivalents for preferred stock	4,699	4,699	4,699	4,699
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Diluted weighted average equivalent shares and units outstanding	31,999	31,405	31,762	31,385
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SL Green Realty Corp.
Condensed Consolidated Balance Sheets
(Dollars in Thousands)

	Sept 30, 2000	December 31, 1999
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	(unaudited)	
Assets		
Commercial real estate properties, at cost:		
Land and land interests.....	\$125,572	\$132,081
Buildings and improvements.....	609,089	632,004
Building leasehold.....	137,441	132,573
Property under capital lease.....	12,208	12,208
	884,310	908,866
Less accumulated depreciation.....	(72,179)	(56,983)
	812,131	851,883
Properties held for sale.....	49,890	25,835
Cash and cash equivalents.....	14,064	21,561
Restricted cash.....	34,583	34,168
Tenant and other receivables, net \$1,930 and \$938 reserve in 2000 and 1999, respectively.....	9,132	5,747
Related party receivables.....	964	463
Deferred rents receivable net of provision for doubtful accounts of \$5,002 and \$5,337 in 2000 and 1999, respectively.....	43,452	37,015
Investment in and advances to affiliates.....	7,943	4,978
Investment in unconsolidated joint ventures...	59,632	23,441
Mortgage loans and preferred investments.....	49,903	20,000
Deferred costs, net.....	37,924	30,540
Other assets.....	34,100	15,611
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Total assets.....	\$1,153,718	\$1,071,242
	=====	=====
Liabilities and Stockholders' Equity		
Mortgage notes payable.....	\$345,351	\$352,693
Revolving credit facility.....	126,752	83,000
Accrued interest payable.....	3,069	2,650
Accounts payable and accrued expenses.....	28,045	17,167

Deferred revenue.....	1,444	306
Capitalized lease obligations.....	15,242	15,017
Deferred land lease payable.....	12,805	11,611
Dividend and distributions payable.....	12,065	11,947
Security deposits.....	18,951	18,905
Total liabilities.....	563,724	513,296

Minority interests.....	41,753	41,494
8%Preferred Income Equity Redeemable Stock \$0.01 par value, \$25.00 mandatory liquidation preference 25 million shares authorized, 4.6 million outstanding in 2000 and 1999.....	110,667	110,348
Stockholders' Equity		
Common stock, \$.01 par value 100,000 shares authorized, 24,516 and 24,184 issued and outstanding in 2000 and 1999, respectively....	245	242
Additional paid - in capital.....	428,635	421,958
Deferred compensation plan.....	(5,939)	(6,674)
Distributions in excess of earnings..	14,633	(9,422)

Total stockholders' equity.....	437,574	406,104

Total liabilities and stockholders' equity.....	\$1,153,718	\$1,071,242
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SL GREEN REALTY CORP.

SELECTED OPERATING DATA-UNAUDITED

September 30, 2000 December 31, 1999

Operating Data:

Net rentable area at end of period (in 000's)(1)	9,130	8,540
Portfolio occupancy percentage at end of period	98%	97%
Same Store occupancy percentage at end of period	98%	97%
Number of properties in operation	23	24

(1) Includes wholly-owned and minority owned properties.