SL Green Realty Corp. Reports 12% Gain in Second Quarter FFO

Second Quarter Highlights

- 12% FFO increase, $0.65 per share (diluted) versus $0.58 prior year
- 19% same store portfolio cash NOI growth
- Closed new $250 million unsecured Line of Credit, $110 million increase in capacity
- Completes strategic alliances with ENN, Eureka Broadband and Broadband Office
- Sold 65% joint venture interest in 321 West 44th Street valuing property at $28.0 million
- eEmerge, SL Green's occupancy solution to technology businesses, commenced operations

Financial Results

SL Green Realty Corp. (NYSE:SLG) reported a 12% increase in operating results for the three months ended June 30, 2000. During this period funds from operations (FFO) before minority interest totaled $18.3 million, or $0.65 per share (diluted), compared to $15.8 million, or $0.58 per share for the same quarter in 1999.

Total revenues increased 11% in the second quarter to $56.5 million compared to $50.8 million last year. The $5.7 million growth in revenue resulted from:

- 2000 same store portfolio ($4.9 million)
- 1999 acquisitions ($2.0 million)
- Investment income ($2.5 million)

These revenue increases were partially offset by revenues lost as a result of property sales or properties contributed to unconsolidated joint ventures ($3.6 million).

During the quarter the Company recorded net additional income of $4.4 million, resulting from the sale of a 65% interest in 321 West 44th Street of $4.8 million and a loss on the early extinguishment of debt from the refinancing of the Company's senior unsecured line of credit of $0.4 million. These transactions are not reflected in the Company's FFO results, as they are excluded from the definition of FFO.

Same store cash NOI increased $3.6 million, or 19%, to $22.1 million over the same period in the prior year. Cash NOI margins before ground rent improved year over year from 52.9% to 55.6%. The improvement in cash NOI was driven primarily by a $5.6 million increase in cash revenue due to:

- A 31% increase in replacement rents over previously fully-escalated rents ($1.9 million)
- Reduced free rent as many properties reached stabilization ($1.1 million)
- Increased occupancy from 96% to 98% ($0.8 million)
- Rent steps from current in-place tenants ($0.8 million)
- $0.7 million increase in escalation and reimbursement income primarily from increased electric recoveries ($0.6 million)
- Increased signage and other income ($0.3 million)

The increase in revenue was partially offset by a $2.1 million or 26% increase in operating costs, over half of which was related to higher utility costs ($1.2 million). Much of the increase resulted from higher electric rates ($1.0 million) and unanticipated heating at the beginning of the quarter ($0.2 million). Approximately 60% of the electric increase was recovered from tenants under the utility clause of their lease. R&M costs and professional fees also increased ($0.5 million) as the Company has initiated several proactive programs throughout the portfolio to provide operating efficiencies in the portfolio and assess improvements to the lease administration process. These increased costs were partially offset by lower real estate taxes ($0.2 million).

The Company's EBITDA increased $4.4 million, resulting in increased margins before ground rent of 64.8% compared to 60.3% for the same period last year and after ground rent margin improvement of 58.8% from 53.8% in the corresponding period. Margin improvement was driven by each of the Company's real estate investment themes:

- GAAP NOI of $2.9 million, $2.5 million of which occurred in the same store portfolio (an 11% improvement)
- Income from structured finance ($2.5 million)

- Income from the unconsolidated joint ventures ($0.8 million)
- Service Corporation and other income ($0.5 million)

These increases in EBITDA were offset by lost GAAP NOI from property sales ($1.9 million), and higher MG&A ($0.4 million).

FFO improved $2.5 million as a result of:

- The $4.4 million increase in EBITDA
- A $0.9 million increase in income from unconsolidated joint ventures, and
- $0.8 million resulting from the acquisition of the minority interest in the BMW building.

These improvements were offset in part by higher interest costs ($3.3 million) associated with: higher average debt levels due to acquisition and new investment debt ($2.7 million), the higher average debt levels due to the funding of ongoing capital projects and working capital requirements ($0.9 million) and higher interest rates from floating rate debt ($0.3 million) and refinancing to fixed rate permanent financings ($0.2 million). The increase in interest expense was partially offset by the repayment of debt associated with property sales ($0.8 million).

At the end of the quarter, consolidated debt totaled $492.0 million, reflecting a debt to market capitalization ratio of 37.2%.

On June 27, 2000, the Company terminated and repaid the outstanding balance ($97.5 million) on its $140.0 million unsecured credit facility which would have expired in December 2000, obtaining a new unsecured revolving credit facility in the amount of $250.0 million. The $250.0 million unsecured credit facility has a term of three years and bears interest at a spread ranging from 137.5 basis points to 175 basis points over LIBOR based on a leverage matrix. Upon the achievement of an investment grade rating, the spread over LIBOR will be reduced to 125 basis points. This credit facility may also be upsized to $300.0 million.

Commenting on the refinancing, David J. Nettina, President and Chief Operating Officer, said "We're enthusiastic about the completion of this refinancing, as it strengthens the Company's capital base through increased liquidity and expands our network of lenders, having added five new institutions to our credit network. Additional funds from this facility resulted from the growing value of our real estate portfolio. These funds will allow our management team to continue to enhance and reposition our unique portfolio of New York City office space from self-generated capital."

New Investments to Date

- On May 4, 2000, the Company sold a 65% interest in the property located at 321 West 44th Street to Morgan Stanley Real Estate Fund III (" MSREF') in a transaction valuing the entire property at $28.0 million. The Company's retained 35% interest in the property was contributed to the joint venture with MSREF. The property, a 203,000 square foot building located in the Times Square submarket of Manhattan, was acquired by the Company in March 1998. Simultaneous with the closing of this joint venture to co-develop the repositioning of the property, the venture received a $22.0 million mortgage for the acquisition and capital improvement program. The interest only mortgage matures on April 30, 2003 and has a LIBOR based floating interest rate, currently at 9.14%. In addition to retaining a 35% economic interest in the property, the Company will also act as the operating partner for the venture, responsible for redevelopment, construction, leasing and management of the property.

- On May 11, 2000, the Operating Partnership formed eEmerge, Inc., a Delaware corporation ("eEmerge"), in partnership with Fluid Ventures LLC. eEmerge is a separately managed, self-funded company that provides fully-wired and furnished office space, services and support to help e-businesses grow. The Company accounts for its investment in eEmerge on the equity basis of accounting because it has significant influence with respect to management and operations, but does not control the entity. The Company has committed $3.0 million to the initial capitalization of this entity.

-On June 8, 2000, eEmerge and Eureka Broadband Corporation ("Eureka") formed eEmerge.NYC LLC, a Delaware limited liability company ("ENYC") whereby eEmerge has a 95% interest and Eureka has a 5% interest in ENYC. ENYC was formed to build and operate a fractional office suites facility marketed to the technology industry. ENYC entered into a 10-year lease with the Operating Partnership for their 22,500 square feet premises, which is located at 440 Ninth Avenue, Manhattan.

- The Company entered into three strategic business alliances with Elevator News Network (ENN), Eureka Broadband and Broadband Office. These alliances allow the Company to improve the services offered its tenants without an outlay of capital. The Company also receives revenue sharing from these agreements and equity/co-invest rights in these companies.

At June 30, 2000, SL Green's portfolio consisted of interests in 23 properties, aggregating 9.1 million square feet. Since June 30, 1999, the portfolio has grown by a net 1.3 million square feet, or 17%.

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 Second 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. -0-

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SL GREEN REALTY CORP.
STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)

	Three Months Ended June 30		Six Months Ended June 30	
	2000	1999	2000	1999
	(unaudited)		(unaudited)	
Revenue:				
Rental revenue, net	$ 46,410	$ 43,784	$ 93,351	$ 84,185
Escalations & reimbursement revenues	5,367	4,868	11,348	9,616
Signage Rent	597	343	1,097	553
Investment income	3,923	1,424	4,936	2,262
Other income	197	390	521	855
Total revenues	56,494	50,809	111,253	97,471
Expenses:				
Operating expenses	13,443	11,264	26,633	22,485
Ground rent	3,159	3,183	6,342	6,390
Interest	10,053	6,711	19,545	11,949
Depreciation and amortization	8,403	6,590	16,219	12,028
Real estate taxes	7,053	7,339	14,388	14,422
Marketing, general and administrative	3,190	2,771	5,978	5,416
Total expenses	45,301	37,858	89,105	72,690
Income before minority interests, preferred stock dividends, gain on sales, extraordinary item, service corporation and joint venture income	11,193	12,951	22,148	24,781
Equity in net income from affiliates	369	117	539	328
Equity in net income from				

unconsolidated joint ventures	782	--	1,623	--
Minority interests	(1,316)	(1,664)	(3,467)	(3,093)
Extraordinary losses	(430)	(628)	(430)	(628)
Gain on sale of rental properties	4,797	--	19,022	--
Preferred stock dividends and accretion	(2,407)	(2,399)	(4,814)	(4,798)
Net income available to common shareholders	$ 12,988	$ 8,377	$ 34,621	$ 16,590
Basic earnings per share	$ 0.53	$ 0.35	$ 1.43	$ 0.68
Diluted earnings per share	$ 0.53	$ 0.35	$ 1.41	$ 0.68
Funds From Operations (FFO)				
FFO per share (Basic)	$ 0.69	$ 0.59	$ 1.33	$ 1.12
FFO per share (Diluted)	$ 0.65	$ 0.58	$ 1.27	$ 1.10
FFO Calculation:				
Income before minority interests, extraordinary items, preferred stock dividends and gains on sales	$ 12,344	$ 13,068	$ 24,310	$ 25,109
Less:				
Preferred stock dividend	(2,300)	(2,300)	(4,600)	(4,600)
Minority interest in commercial property	--	(838)	--	(1,410)
Add:				
Joint venture FFO adjustment	917	--	1,626	--
Depreciation and amortization	8,403	6,590	16,219	12,028
Amortization of deferred financing costs and depreciation of non-real estate assets	(1,040)	(694)	(2,063)	(1,263)
FFO - BASIC	18,324	15,826	35,492	29,864
Add:				
Preferred stock dividends	2,300	2,300	4,600	4,600
FFO - DILUTED	$ 20,624	$ 18,126	$ 40,092	$ 34,464
Basic ownership interests				
Weighted average				

REIT common shares	24,309	24,192	24,265	24,192
Weighted average partnership units held by minority interest	2,391	2,428	2,404	2,428
Basic weighted average shares and units outstanding	26,700	26,620	26,669	26,620
Diluted ownership interest				
Weighted average REIT common and common share equivalent share	24,654	24,260	24,525	24,248
Weighted average partnership units held by minority interests	2,391	2,428	2,404	2,428
Common share equivalents for preferred stock	4,699	4,699	4,699	4,699
Diluted weighted average equivalent shares and units outstanding	31,744	31,387	31,628	31,375

SL Green Realty Corp.
Condensed Consolidated Balance Sheets
(Dollars in Thousands)

	June 30, 2000 (unaudited)	December 31, 1999
Assets		
Commercial real estate properties, at cost:		
Land and land interests	$ 131,991	$ 132,081
Buildings and improvements	646,150	632,004
Building leasehold	135,886	132,573
Property under capital lease	12,208	12,208
	926,235	908,866
Less accumulated depreciation	(68,653)	(56,983)
	857,582	851,883
Properties held for sale	--	25,835
Cash and cash equivalents	15,317	21,561
Restricted cash	31,126	34,168
Tenant and other receivables, net $1,813 and $938 reserve in 2000 and 1999, respectively	6,851	5,747
Related party receivables	781	463
Deferred rents receivable net of provision for doubtful accounts of $5,197 and $5,337 in 2000 and 1999, respectively	42,867	37,015
Investment in and advances to affiliates	7,527	4,978
Investment in unconsolidated joint ventures	63,850	23,441
Mortgage loans and preferred investments	76,962	20,000

Deferred costs, net	37,922	30,540
Other assets	20,057	15,611
Total assets	$ 1,160,842	$ 1,071,242
Liabilities and Stockholders' Equity		
Mortgage notes payable	$ 346,294	$ 352,693
Revolving credit facility	145,752	83,000
Accrued interest payable	1,823	2,650
Accounts payable and accrued expenses	26,851	17,167
Deferred revenue	1,838	306
Capitalized lease obligations	15,165	15,017
Deferred land lease payable	12,493	11,611
Dividend and distributions payable	12,010	11,947
Security deposits	18,104	18,905
Total liabilities	580,330	513,296
Minority interests	42,544	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	110,561	110,348
Stockholders' Equity		
Common stock, $.01 par value 100,000 shares authorized, 24,373 and 24,184 issued and outstanding in 2000 and 1999, respectively	244	242
Additional paid - in capital	425,837	421,958
Deferred compensation plan	(6,239)	(6,674)
Distributions in excess of earnings	7,565	(9,422)
Total stockholders' equity	427,407	406,104
Total liabilities and stockholders' equity	$ 1,160,842	$ 1,071,242

SL GREEN REALTY CORP.
SELECTED OPERATING DATA-UNAUDITED

	June 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.
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