



## **SL Green Realty Corp. Reports 21% Gain in Fourth Quarter FFO and 18% Gain in Full Year FFO**

### **Fourth Quarter Highlights**

- 21% FFO increase, \$0.61 per share (diluted) versus \$0.50 prior year
- Revenues grew 37% over the prior year, to \$53.9 M
- 22% same store portfolio Cash NOI growth
- 97% overall portfolio occupancy rate
- Contracted to acquire 100 Park Avenue through a joint venture
- Contracted to sell 36 West 44th Street and 29 West 35th Street
- Completed acquisition of remaining 35% minority interest in BMW

### **Building**

- Increased annual dividend by \$0.05

### **Financial Results**

NEW YORK--(BUSINESS WIRE)--February 10, 2000--SL Green Realty Corp. (NYSE:SLG) reported a 21% increase in operating results for the three months ended December 31, 1999. During this period funds from operations (FFO) before minority interest totaled \$16.9 million, or \$0.61 per share, compared to \$13.3 million, or \$0.50 per share for the same quarter in 1998.

Full year results were also strong, reflecting an 18% improvement over 1998. FFO for the twelve months ending December 31, 1999 totaled \$62.6 million or \$2.29 per share, compared to \$42.9 million or \$1.94 per share in the previous year.

During the quarter and year ended December 31, 1999, the Company recorded extraordinary losses of \$0.4 million and \$1.0 million, respectively, due to the early extinguishment of debt associated with various refinancings. Comparatively, during the year ended December 31, 1998, the Company incurred an extraordinary loss of \$0.6 million related to early extinguishment of debt on a bridge loan.

Revenues for the fourth quarter totaled \$53.9 million compared to \$39.3 million in the same period last year - an increase of 37%. Revenue growth principally resulted from 1999 acquisitions (\$8.2 million), new leasing activity (\$4.9 million), interest and fees earned on mortgage and high yield investments (\$0.7 million), and signage income (\$0.4 million).

The 1999 "same store" cash NOI in the fourth quarter increased 22% to \$11.9 million over prior year. This resulted in cash margins improving year over year from 50% to 55% on 11% aggregate revenue growth of \$2.1 million. Most of this improvement resulted from higher occupancy and replacement rents (\$1.8 million). As occupancy increased from 93% in 1998 to 97% in 1999 rental revenue increased \$1.0 million. Higher annualized rent from replacement rents, which were 22% greater than previously fully escalated rents, contributed \$0.8 million.

The Company's EBITDA increased \$9.5 million, which increased margins before ground rent to 62% compared to 58% in the fourth quarter of 1998. After ground rent these margins improved to 55% from 50% in the same period. This increase was driven by increases in property GAAP NOI (\$9.5 million) and investment and other income (\$1.2 million).

Growth in quarterly FFO (\$3.6 million) increased GAAP NOI in:

- Properties owned before January 1, 1999, \$4.2 million
- 1999 acquisitions \$4.8 million
- Increased signage revenues \$0.4 million
- Investment and high yield income \$0.7 million
- Contribution from joint ventures \$0.5 million

Offsetting this growth in revenues were costs associated with acquisition and new investments debt (\$4.2 million), higher interest costs associated with working capital borrowing and higher interest rates (\$1.4 million), and higher MG&A and non-real estate depreciation (\$1.3 million).

Commenting on the positive growth in margins, the Company stated that net revenue growth resulted from the leasing of 221,000 previously vacant square feet, which increased portfolio occupancy to 97%, and an increase in replacement rents of 25% over previously in place rents. Margins were also positively impacted by incremental revenue resulting from new initiatives in signage revenue (\$0.4 million), and interest and high yield investment income (\$0.7 million).

At year end, debt totaled \$475.2 million, reflecting a debt to market cap ratio of 40.6%.

### **New Investments to Date**

-- The Company has entered into a contract to form a joint venture

with Prudential Real Estate Investors (PREI), who acted on behalf of PRISA, its flagship commingled fund, to acquire 100 Park Avenue. The property consists of 834,000 square feet, over 36 stories. It is located one block south of Grand Central Station on Park Avenue between 40th and 41st Streets. SL Green will purchase a 49.9% interest in the venture for \$95.8 million, representing an implied overall property value of \$192 million. Formation of the joint venture and closing on the property are anticipated to occur in mid-February. The Company has certain preferential rights to acquire PRISA's interests in the future, and will be responsible for managing and leasing the property. It will earn management fees for its operating responsibilities.

-- The Company announced that it has entered into contracts for the sale of two of its smaller side-street properties:

The first is located at 36 West 44th Street. Also known as the Bar Building, the contract purchase price for the property is \$31.5 million. The property is approximately 178,000 square feet and the purchase price represents a sale value of \$177 per square foot.

The second property, 29 West 35th Street, is 78,000 square feet and has a contract purchase price of \$11.7 million or \$150 per square foot.

Both sales are expected to close in the first quarter of 2000.

-- The Company completed the acquisition for the remaining 35% interest in the BMW Building located at 555 West 57th Street, New York, New York for \$34.1 million. This acquisition was completed for cash in the amount of \$18.7 million. Consolidation of the minority interest brings the total acquisition cost to \$100.8 million, or \$102 per square foot.

Simultaneous with the closing of this transaction, the Company obtained a new \$70 million first mortgage loan from The Bank of New York. The proceeds of the refinancing were used to repay the prior first mortgage loan of \$44 million, acquire the outstanding minority interests and fund escrows to meet capital needs at the property.

Looking back over the year, Stephen L. Green, Chairman and Chief Executive Officer, noted, "We are enormously proud of our Company's achievements throughout this past year. It was one in which we brought our entire investment and business strategy full circle. We extended our capital base through harvesting the value added in some of our smaller side street properties, while developing strategic relationships with Blue Chip joint venture partners. We established our leadership position in the prime mid-town Manhattan sub markets through our acquisitions of larger avenue properties within a ten minute walking distance to key mid-town commuter hubs."

"Internally, we refined our public and internal financial reporting systems to improve investor communications and management decision making. We also capitalized on our brand name position in the market through a branding strategy targeted at the brokerage community."

"All of these achievements, we believe, will result in SL Green having the most compelling mid-town New York office real estate portfolio, placing it and the Company in a class of its own. Having built this momentum over the past two and one half years, I am confident that 1999 will be remembered not simply as a very good year, but one of many yet to come."

At December 31, 1999, SL Green's portfolio consisted of 24 properties, 22 of which are wholly owned, comprising approximately 8.5 million rentable square feet. This portfolio has grown by 2.3 million square feet (37%) since December 31, 1998.

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 Fourth 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](http://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 filing with the Securities and Exchange Commission.

SL GREEN REALTY CORP.  
STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

	Three Months Ended		Year Ended	
	December 31		December 31	
	1999	1998	1999	1998
	-----		-----	
	(unaudited)			
Revenue:				
Rental revenue, net	\$45,672	\$33,452	\$174,939	\$114,762
Escalations & reimbursement revenues	5,429	4,490	21,902	15,923
Signage Rent	548	78	1,660	123
Investment income	1,535	849	5,266	3,267
Other income	706	459	2,250	478
	-----	-----	-----	-----
Total revenues	53,890	39,328	206,017	134,553
	-----	-----	-----	-----
Expenses:				
Operating expenses	12,636	9,540	49,414	34,125
Ground rent	3,183	2,930	12,754	11,082
Interest	8,889	3,296	28,610	13,086
Depreciation and amortization	7,555	4,690	27,260	15,404
Real estate taxes	7,294	6,336	29,198	21,224
Marketing, general and administrative	2,534	1,807	10,922	5,761
Loss on terminated project	---	1,065	---	1,065
Loss on hedge transaction	---	176	---	176
	-----	-----	-----	-----
Total expenses	42,091	29,840	158,158	101,923
	-----	-----	-----	-----
Income before minority interests, preferred stock dividends,				

extraordinary	11,799	9,488	47,859	32,630
Losses, service corporation and joint venture income				
Equity in income from Service Corporation	179	457	730	387
Equity in income from Joint Ventures	226	---	377	---
Minority interests	(859)	(689)	(5,121)	(3,043)
	-----	-----	-----	-----
	11,345	9,256	43,845	29,974
	-----	-----	-----	-----
Extraordinary loss, net of minority interest	(361)	---	(989)	(522)
Preferred stock dividends and accretion	(2,399)	(2,346)	(9,598)	(5,970)
	-----	-----	-----	-----
	=====	=====		
Net income available to common shareholders	\$8,585	\$6,910	\$33,258	\$23,482
	=====	=====	=====	=====
Net income per share (Basic)	\$0.35	\$0.29	\$1.37	\$1.19
Net income per share (Diluted)	\$0.35	\$0.29	\$1.37	\$1.19
Funds From Operations (FFO)				
FFO per share (Basic)	\$0.63	\$0.50	\$2.35	\$1.94
FFO per share (Diluted)	\$0.61	\$0.50	\$2.29	\$1.94
FFO Calculation:				
Income before minority interests, preferred stock dividends and extraordinary loss	\$12,204	\$9,945	\$48,966	\$33,017
Less:				
Preferred stock dividend	(2,300)	(2,300)	(9,200)	(5,720)
Minority interest in commercial property	---	---	(1,765)	---
Add:				
Loss on terminated project	---	1,065	---	1,065
Loss on hedge transaction	---	176	---	176
Joint venture FFO adjustment	313	---	433	---
Depreciation and amortization	7,555	4,690	27,260	15,404
Amortization of deferred financing costs and depreciation of non-real estate assets	(909)	(273)	(3,049)	(1,084)
	-----	-----	-----	-----
FFO - BASIC	\$16,863	\$13,303	\$62,645	\$42,858
Add: Preferred stock dividends	2,300	---	9,200	---
	=====	=====	=====	=====
FFO - DILUTED	\$19,163	---	\$71,845	---
	=====	=====	=====	=====
Basic ownership interests				
Weighted average REIT common shares	24,184	23,952	24,192	19,675
Weighted average partnership units held by minority interest	2,428	2,428	2,428	2,406

	=====	=====	=====	=====
Basic weighted average shares and units outstanding	26,612	26,380	26,620	22,081
	=====	=====	=====	=====
Diluted ownership interest				
Weighted average REIT common and common share equivalent shares	24,234	23,993	24,252	19,739
Weighted average partnership units held by minority interests	2,428	2,428	2,428	2,406
Common share equivalents for preferred stock	4,699	---	4,699	---
	=====	=====	=====	=====
Diluted weighted average equivalent shares and units outstanding	31,361	26,421	31,379	22,145
	=====	=====	=====	=====

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

	December 31, 1999	December 31, 1998
	-----	-----
Assets		
Commercial real estate properties, at cost:		
Land and land interests.....	\$136,342	\$112,123
Buildings and improvements.....	627,743	488,914
Building leasehold.....	132,573	83,816
Property under capital lease.....	12,208	12,208
	908,866	697,061
Less accumulated depreciation.....	(56,983)	(37,317)
	-----	-----
	908,866	697,061
	851,883	659,744
Properties held for sale.....	25,835	---
Cash and cash equivalents.....	21,561	6,236
Restricted cash.....	34,168	18,635
Tenant receivables, net \$938 and \$374 reserve in 1999 and 1998, respectively.	5,398	3,951
Related party receivables.....	812	182
Deferred rents receivable net of provision for doubtful accounts of \$5,337 and \$2,369 in 1999 and 1998, respectively	37,015	20,891
Investment in and advances to Service Corporation.....	4,978	10,694
Investment in joint ventures.....	23,441	---
Mortgage loans receivable.....	20,000	26,401
Deferred costs,	30,540	15,282

net.....			
Other	15,611		15,717
assets.....		-----	-----
	908,866	697,061	
Total		\$1,071,242	\$777,733
assets.....		=====	=====
Liabilities and Stockholders'			
Equity			
Mortgage notes payable.....	352,693		\$50,862
Secured bridge facilities.....	---		87,500
Revolving credit facility.....	83,000		23,800
Accrued interest	2,650		494
payable.....			
Accounts payable and accrued	17,167		5,588
expenses.....			
Capitalized lease	15,017		14,741
obligations.....			
Deferred land lease payable.....	11,611		9,947
Dividend and distributions payable..	11,947		11,585
Security	18,905		16,949
deposits.....			
		-----	-----
	908,866	697,061	
Total		512,990	221,466
liabilities.....		-----	-----
	908,866	697,061	
Minority		41,494	41,491
interests.....			
8% Preferred Income Equity Redeemable			
Stock \$0.01 par value, \$25.00			
mandatory liquidation preference			
25 million shares authorized,			
4.6 million outstanding in 1999			
and 1998.....	110,348		109,950
Stockholders' Equity			
Common stock, \$.01 par value			
100,000 shares authorized,			
24,184 and 23,952 issued and			
outstanding in 1999 and 1998,	242		240
respectively.....			
Additional paid - in	421,958		416,939
capital.....			
Deferred compensation plan.....	(6,610)		(3,266)
Officers' loans.....	(64)		(528)
Distributions in excess of earnings	(9,422)		(8,559)
Accumulated other comprehensive income	306		---
		-----	-----
	908,866	697,061	
Total stockholders'		406,410	404,826
equity.....		-----	-----
	908,866	697,061	
Total liabilities and			
stockholders' equity.....	\$1,071,242		\$777,733
	=====		=====

	December 31, 1999	December 31, 1998
Operating Data:		
Net rentable area at end of period (in 000's)(1)	8,540	6,254
Portfolio occupancy percentage at end of period	97%	93%
Same Store occupancy percentage at end of period	97%	93%
Number of properties in operation	24	18

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