SL Green Realty Corp. Reports 18% Gain in First Quarter FFO And 1412 Broadway Property Sale

First Quarter Highlights

- 18% FFO increase, $0.73 per share (diluted) versus $0.62 (diluted) prior year
- 17% same store portfolio cash NOI growth
- Average starting rents ($40.05) were 42% above previous in-place rents
- 22% increase in FAD; $0.53 per share versus $0.44 prior year
- Revolving credit facility capacity increased by $50MM to $300MM
- Completed purchases of One Park Avenue (various ownership/mortgage interests), 1370 Broadway, and 469 Seventh Avenue
- Originated $40MM in the high-yield structured finance program
- Contracted for the sale of 1412 Broadway for $91.5 million Financial Results

SL Green Realty Corp. (NYSE:SLG) reported an18% increase in operating results for the three months ended March 31, 2001. During this period Funds From Operations (FFO) before minority interest totaled $21.2 million, or $0.73 per share (diluted), compared to $17.2 million, or $0.62 per share (diluted) for the same quarter in 2000. This growth was primarily attributable to strong same-store cash NOI growth of 17%.

Total quarterly revenues increased 22% in the first quarter to $67.0 million compared to $54.8 million last year. The $12.2 million growth in revenue resulted from:

- 2001 acquisitions ($10.5 million)
- 2001 same store portfolio ($5.2 million)
- Investment and other income ($2.1 million)

These revenue increases were partially offset by reduced revenues of properties sold ($4.2 million) and contributed to an unconsolidated joint venture ($1.1 million).

The $5.2 million increase in same store GAAP revenue was primarily due to:

- A 47% increase in cash replacement rents over previously fully-escalated rents ($3.2 million)
- Leasing of previously vacant space ($0.7 million)
- $1.6 million increase in escalation and reimbursement income primarily from increased electric recoveries ($1.0 million) and higher operating cost escalation revenue ($0.5 million)
- $0.3 million decrease due to higher revenue reserves and lower signage income

Same store cash NOI increased $4.2 million, or 17%, to $28.1 million over the same period in the prior year. Cash NOI margins before ground rent improved year over year from 56.8% to 59.2%. The increase in cash NOI was driven primarily by the $5.2 million increase in GAAP revenue and the $0.8 million reduction in free and straight-line rental income.

The increase in same store revenue was partially offset by $1.8 million (17%) increase in operating costs. The increase was related to higher electric costs ($1.0 million), higher fuel and steam costs ($0.4 million) and increased payroll costs ($0.3 million). During the quarter, the company recovered approximately 82% of the electric increase through the utility clause in the tenants' leases.

The Company's EBITDA increased $8.3 million, resulting in increased margins before ground rent to 64.1% compared to 60.8% for the same period last year and after ground rent margins improved to

- 59.2% from 54.8% in the corresponding period. Margin improvement was driven by the following:
- GAAP NOI of $7.5 million;
- $6.8 million increase from 2001 acquisitions
- $3.4 million increase from same portfolio (13% improvement)
- $0.7 million increase from joint ventures
- $3.2 million decrease from properties sold or contributed to joint venture
- Income from structured finance ($2.3 million)

These increases in EBITDA were offset by (i) increased MG&A expense ($0.8 million) primarily due to higher personnel costs and professional fees, (ii) the loss from the equity in service corporations and affiliate ($0.4 million) primarily due to lower tenant-rep income and one time start-up costs associated with the expansion of the e.Emerge operation and (iii) increased credit loss reserves ($0.4 million).

FFO improved $4.0 million primarily as a result of:

- $8.3 million increase in EBITDA
- $0.3 million increased FFO contribution from unconsolidated joint ventures

These FFO improvements were offset in part by higher non-real estate depreciation ($0.1 million) and higher interest costs ($4.4 million). The higher interest costs were associated with: higher average debt levels due to net acquisition and structured finance debt activity ($4.3 million), the higher average debt levels due to the funding of ongoing capital projects and working capital requirements ($0.4 million). These increases in interest expense were partially offset by lower interest rates ($0.3 million).

The Company recorded an extraordinary loss of $0.1 million due to the early extinguishment of debt related to the Madison Avenue properties that was also excluded from the Company's 2001 results.

The Company's 2001 and 2000 results exclude gains on sales of properties which totaled $1.5 million and $14.2 million, respectively and the cumulative effect adjustment for the implementation of SFAS 133 totaling $0.5 million in 2001 during the quarter.

At the end of the quarter, consolidated debt totaled $740.5 million, reflecting a debt to market capitalization ratio of 46.4%. Recent Activity Acquisitions One Park Avenue

In January 2001 the Company acquired various ownership and mortgage interests in One Park Avenue for $233.9 million. This 913,00 square foot, 20-story office building occupies the entire block front on Park Avenue between 32nd and 33rd Street. The Company also acquired an option to purchase the ground lease position. The acquisition was financed with a $150 million mortgage loan from Lehman Brothers Holdings, Inc. and the Company's unsecured line of credit. This transaction closed on January 10, 2001. 1370 Broadway

In January 2001 the Company acquired the property located at 1370 Broadway for $50.5 million. This 16-story, 255,000 square foot office building is located across the street from 1372 Broadway, an SL Green property in the Time Square sub-market. In-place rents are approximately $27.72 per square foot, approximately 34% below current market levels. Proceeds from the sale of 17 Battery South funded the acquisition to complete a section 1031 tax-free exchange and defer a $10 million capital gain resulting from the sale. 469 7th Avenue

In January 2001 the Company acquired 469 Seventh Avenue with a partner, Morgan Stanley Real Estate Fund III, L.P. ("MSREF"), for $45.7 million. With a total of 253,000 square feet, the building's purchase price represents approximately$180 per square foot. Located two blocks north of Penn Station, in-place rents are $28.50 per square foot, approximately 28% below current market levels. The Company holds an interest of 35% in the property. SL Green has assumed managing and leasing responsibilities for the property. Structured Finance

In March 2001 the Company acquired an existing $39.2 million mezzanine loan position collateralized by a property located in midtown Manhattan. The property is a 770,000 square foot, 25-story Class B office building. The loan, which carries a rate of 900 basis points over the 30-day LIBOR, will mature in January 2003.

In April 2001 the Company received $50.1 million in proceeds from the early redemption of an outstanding mezzanine loan position. The loan had an anticipated maturity date in September 2001. The loan had an original issue discount that has been accelerated and will result in an increase to second quarter investment income totaling $2.1 million. Sales 1412 Broadway

The Company announced today it has entered into a contract to sell 1412 Broadway for $91.5 million, to an affiliate JER partners, a subsidiary of JE Roberts Companies. As part of the transaction, SL Green will retain a participating preferred equity position of up to $13.0 million in the property. The purchase price is subject to adjustment based on the ultimate size of the preferred equity, but in no event shall the purchase price be reduced below $90.2 million. The Company will recognize a gain on sale in the amount of approximately $6.0 million resulting from this transaction. 633 Third Avenue

In January 2001, the Company also sold their retail condominium interests in 633 Third Avenue for $13.25 million resulting in a gain on sale totaling $1.5 million. This represented 40,623 square feet of retail space leased to Chase Manhattan and an affiliate of New York Sports Club. Refinancings

On March 30, 2001, the company received approval from their bank group to increase the company's unsecured revolving credit facility by $50 million to $300 million.

During January 2001, the company repaid the $26.95 million mortgage encumbering the Madison Avenue properties. The loan was scheduled to mature in May 2001. The company contributed two of the Madison Avenue properties to the company's unencumbered asset pool supporting the unsecured line of credit.

Today, SL Green's portfolio consists of interests in 25 properties, aggregating 10.1 million square feet.

SL Green Realty is a self-administered and self-managed real estate investment trust ("REIT") that acquires, owns and manages Manhattan office properties. 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 obtained 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 filing with the Securities and Exchange Commission.

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

	Three Months Ended March 31, 2001	2000
Revenue:		
Rental revenue, net	$55,003	$46,941
Escalations & reimbursement revenues	8,057	5,981
Signage Rent	350	500
Investment income	3,274	1,013
Other income	310	324
Total revenues	66,994	54,759
Expenses:		
Operating expenses	15,826	13,190
Ground rent	3,159	3,183
Interest	13,897	9,492

Depreciation and amortization	9,720	7,816
Real estate taxes	8,180	7,335
Marketing, general and administrative	3,547	2,788
Total expenses	54,329	43,804
Income before minority interests, preferred stock dividends, gain on sales, extraordinary item, affiliates, joint venture and change to accounting principle	12,665	10,955
Equity in net (loss) income from affiliates	(269)	170
Equity in net income from unconsolidated joint Ventures	1,513	841
Gain on sale of rental property	1,514	14,225
Minority interests	(1,081)	(2,151)
	14,342	24,040
Extraordinary loss, net of minority interest	(98)	-
Cumulative effect of change in accounting principle	(532)	-
Preferred stock dividends and accretion	(2,414)	(2,407)
Net income available to common shareholders	$11,298	$21,633
Net income per share (Basic)	$0.46	$0.89
Net income per share (Diluted)	$0.45	$0.89
Funds From Operations (FFO)		
FFO per share (Basic)	$0.79	$0.65
FFO per share (Diluted)	$0.73	$0.62
FFO Calculation:		
Income before minority interests, preferred stock dividends and accretion, extraordinary loss and gain on sales	$13,909	$11,966
Less:		
Preferred stock dividend	(2,300)	(2,300)
Add:		
Joint venture FFO adjustment	996	709
Depreciation and amortization	9,720	7,816
Amortization of deferred financing costs and depreciation of non-real estate assets	(1,155)	(1,023)
FFO - BASIC	$21,170	$17,168
Add: Preferred stock dividends	2,300	2,300
FFO - DILUTED	$23,470	$19,468
Basic ownership interests		
Weighted average REIT common shares	24,639	24,220
Weighted average partnership units held by minority interest	2,296	2,418
Basic weighted average shares and units outstanding	26,935	26,638
Diluted ownership interest		
Weighted average REIT common and common share equivalent shares	25,107	24,414
Weighted average partnership units held by minority interests	2,296	2,418
Common share equivalents for preferred stock	4,699	4,699
Diluted weighted average equivalent shares and units outstanding	32,102	31,531

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

	March 31, 2001	December 31, 2000
Assets		

Commercial real estate properties, at cost:		
Land and land interests	$165,814	$125,572
Buildings and improvements	785,280	618,637
Building leasehold	140,951	139,393
Property under capital lease	12,208	12,208
	1,104,253	895,810
Less accumulated depreciation	(81,409)	(78,432)
	1,022,844	817,378
Properties held for sale	82,153	10,895
Cash and cash equivalents	8,078	10,793
Restricted cash	43,445	86,823
Tenant receivables, net $2,141 and $1,723 reserve in 2001 and 2000, respectively	8,940	7,580
Related party receivables	1,046	917
Deferred rents receivable net of provision for doubtful accounts of $5,334 and $4,860 in 2001 and 2000, respectively	46,843	45,816
Investment in and advances to affiliates	6,919	6,373
Investment in unconsolidated joint Ventures	72,673	65,031
Mortgage loans and preferred investments, net	92,982	51,293
Deferred costs, net	40,940	40,113
Other assets	16,650	18,142
Total assets	$1,443,513	$1,161,154
Liabilities and Stockholders' Equity		
Mortgage notes payable	$528,535	$414,342
Revolving credit facility	211,926	46,374
Derivative instruments - Fair Value	2,814	0
Accrued interest payable	3,676	2,349
Accounts payable and accrued expenses	22,122	24,818
Deferred Compensation Awards	1,838	2,833
Deferred revenue	2,073	1,112
Capitalized lease obligations	15,369	15,303
Deferred land lease payable	13,512	13,158
Dividend and distributions payable	12,746	12,678
Security deposits	20,137	19,014
Total liabilities	834,748	551,981
Minority interests	43,062	43,326
8%Preferred Income Equity Redeemable Stock $0.01 par value, $25.00 mandatory liquidation preference 25,000 shares authorized, 4,600 outstanding in 2001 and 2000	110,888	110,774
Stockholders' Equity		
Common stock, $.01 par value 100,000 shares authorized, 24,705 and 24,515 issued and outstanding in 2001 and 2000, respectively	248	246
Additional paid - in capital	433,482	428,698
Deferred compensation plan and officer loans	(9,400)	(5,037)
Accumulated Other Comprehensive Income	(2,409)	--
Earnings in excess of distributions	32,894	31,166
Total stockholders' equity	454,815	455,073
Total liabilities and stockholders' equity	$1,443,513	$1,161,154

SL GREEN REALTY CORP.

SELECTED OPERATING DATA- UNAUDITED

	March 31, 2001	March 31, 2000
Operating Data:		
Net rentable area at end of period (in 000's)(1)	10,045	8,504
Portfolio occupancy percentage at end of period	98%	97%
Same Store occupancy percentage at end of period	98%	97%
Number of properties in operation	25	24

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

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