



SL Green Realty Corp. Reports a 19.4% Gain in Third Quarter FFO to \$0.86 Per Share

Highlights

- **19.4% FFO increase to \$0.86 per share (diluted) versus \$0.72 per share (diluted); restated from \$0.73 per share in the prior year**
- **33.3% increase in net income from continuing operations, \$0.52 per share (diluted) versus \$0.39 (diluted) the prior year**
- **Maintained 97.0% portfolio occupancy versus the previous quarter**
- **Executed a two-year \$100 million LIBOR SWAP at 2.29%**

Financial Results

New York, NY, October 21, 2002 - SL Green Realty Corp. (NYSE:SLG) reported improved operating results for the three months ended September 30, 2002. During the period, funds from operations (FFO) before minority interests totaled \$30.2 million, or \$0.86 per share (diluted), compared to \$23.6 million, or \$0.72 per share (diluted), for the same quarter in 2001, a 19.4% increase over the prior year. The 2001 quarterly results included a \$1.0 million charge, or \$0.03 per share, for a one-time contribution to the Twin Towers Fund. Additionally, in accordance with new accounting guidelines, the 2001 results have been reduced by \$0.01 per share due to an increase in interest expense related to the reclassification of a \$0.3 million charge from the early extinguishment of debt. Excluding these charges, 2001 third quarter earnings would have been \$0.76 per share (diluted), reducing the 2002 FFO increase to 13.1%. The 2002 growth was primarily attributable to increased contributions from the Company's 1515 Broadway joint venture, structured finance programs and lower interest rates.

Nine month results were also strong, reflecting an 8.9% FFO increase over 2001 as FFO before minority interests totaled \$85.6 million or \$2.45 per share (diluted), compared to \$68.6 million or \$2.25 per share (diluted) for the same period in the previous year. The growth is also attributable to increased contributions from the Company's joint venture and structured finance programs and lower interest rates.

For the quarter, net income available to common shareholders, adjusted for discontinued operations, property sales and the cumulative effect of an accounting change, increased 33.3% to \$19.8 million, or \$0.52 per share (diluted), compared to \$14.9 million, or \$0.39 per share (diluted), for the same period in the previous year. For the nine months ended September 30, 2002, adjusted net income increased 29.6% to \$56.5 million, or \$1.49 per share (diluted), as compared to \$43.6 million, or \$1.27 per share (diluted), for the same period in the previous year.

Consolidated Results

Total quarterly revenues increased in the third quarter to \$63.2 million (5.7%) during 2002 compared to \$59.8 million during 2001. The \$3.4 million growth in revenue resulted primarily from:

- Investment and preferred equity income (\$1.9 million)
- 2002 same store rental income (\$0.8 million)
- Other income, primarily asset management fees (\$0.6 million)

The Company's third quarter EBITDA increased \$5.6 million resulting in increased margins before ground rent of 74.9% in 2002 compared to 65.9% for the same period last year. After ground rent, margins improved to 69.3% in 2002 from 60.3% in the corresponding prior period. This improvement in EBITDA margins were primarily due to the increased net income from joint ventures and the increase in structured finance income. The components of EBITDA changed as follows:

- \$2.3 million increase in GAAP net operating income (NOI)
- \$1.9 million increase in structured finance investment income
- \$1.0 million decrease in MG&A expenses, primarily due to the \$1.0 million contribution to the Twin Towers Fund in 2001
- \$0.6 million increase in non-operating other income primarily due to on-going joint venture asset management fees
- \$0.2 million decrease in lease buyout income

The \$2.3 million improvement in GAAP NOI is comprised of the following:

- \$3.0 million increase from joint venture net income

- \$0.3 million increase from same store portfolio
- \$0.2 million decrease to the partial sale of 110 East 42nd Street
- \$0.6 million decrease from non-same store property results, including 50 West 23rd Street and e.Emerge

FFO for the quarter ended September 30, 2002 improved \$6.6 million primarily as a result of an increase in EBITDA (\$5.6 million), increased FFO adjustment from joint ventures and discontinued operations (\$0.7 million) and lower interest costs (\$0.3 million).

Lower interest costs (\$0.3 million) were associated with: lower interest rates on floating rate debt (\$0.9 million), reclassification of 2001 debt extinguishment (\$0.3 million) and the proceeds from the Company's July 2001 common stock offering (\$0.2 million) partially offset by higher average debt levels due to net acquisition and new structured finance investment activity (\$0.8 million), annual loan amortizations and refinancings (\$0.2 million) and increased costs for capital (\$0.1 million).

The Company's 2001 results exclude gains on the sale of properties that totaled \$0.6 million and \$5.2 million for the three and nine months, respectively.

At the end of the quarter, consolidated debt totaled \$548.7 million, reflecting a debt to market capitalization ratio of 33.8%.

Same Store Results

During the third quarter, same store cash NOI remained flat at \$24.6 million. Cash NOI margins before ground rent decreased year over year from 57.9% to 56.4%. The lower cash NOI was driven primarily by a \$1.1 million (4.9%) increase in operating costs due to:

- \$0.5 million (8.1%) increase in real estate taxes
- \$0.4 million (51.1%) increase in management, professional and advertising costs
- \$0.2 million (24.7%) increase in security costs
- \$0.1 million (2.7%) decrease in utility costs

The increase in operating costs were partially offset by \$1.1 million (2.0%) increase in cash revenue primarily due to:

- \$1.4 million increase from replacement rents which were 39% higher than previously fully-escalated rents, including early renewals and contractual rent steps
- \$0.4 million decrease from lower occupancy in 2002 (96.9%) compared to 2001 (97.7%)

Approximately 86.0% of the quarterly electric expense was recovered through the utility clause in the tenants' leases.

Leasing Activity

During the quarter, the Company signed 50 office leases totaling approximately 354,000 rentable square feet with starting office cash rents averaging \$33.23 per square foot, a 44.4% increase over previously escalated cash rents averaging \$23.01 per square foot. Tenant concessions averaged 1.4 months of free rent and an allowance for tenant improvements of \$16.49 per square foot. This leasing activity includes early renewals for 10 office leases totaling approximately 142,000 rentable square feet.

Property Activity

Due to the Company's intent to sell the property located at 50 West 23rd Street, the property's assets and liabilities have been classified to assets and liabilities held for sale on the balance sheet at September 30, 2002. As a result, the Company's operating results have been restated to classify all of the property's income to discontinued operations for all periods presented.

Structured Finance

At September 30, 2002, the structured finance portfolio, including preferred equity interests, remained substantially unchanged from the previous quarter totaling \$194.7 million with a current yield of 12.40%, after seller financing.

Other

As of September 30, 2002, the Company's portfolio consists of interests in 25 properties, aggregating 11.5 million square feet.

SL Green Realty Corp. is a self-administered and self-managed real estate investment trust ("REIT") that acquires, owns and

manages commercial office properties in Manhattan. The Company is the only publicly held REIT which exclusively specializes in this niche.

The company will host a conference call and audio web cast on Tuesday, October 22 at 2:00 p.m. ET to discuss the financial results. The conference call can be accessed by dialing (913) 981-4910. A replay of the call will be available through October 29, 2002, by dialing (719) 457-0820 or (888) 203-1112, confirmation code 163015. The call will be simultaneously broadcast via the Internet and individuals who wish to access the conference call should go to www.slgreen.com to log onto the call or to listen to a replay following the call.

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 certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes the expectations reflected in such forward looking statements are based on reasonable assumptions, actual results could vary from those presented herein. The risks and uncertainties associated with forward-looking statements in this release include general economic and business (particularly real estate) conditions, the impact of terrorist attacks, the business opportunities that may be presented to and pursued by the Company, changes in laws or regulations (including changes to laws governing the taxation of REITs), risks of acquisitions, availability of capital (debt and equity), increases in financing and other costs, competition, supply and demand for properties in our current and any proposed market areas, tenants' ability to pay rent at current or increased levels, accounting principles, policies and guidelines applicable to REITs, environmental risks, tenant bankruptcies and defaults, the availability and cost of comprehensive insurance, including coverage for terrorist acts, and other factors, many of which are beyond the control of the Company. We undertake no obligation to publicly update or revise any of the information in this press release that becomes untrue. For further information on factors that could impact the Company, please refer to the Company's filings with the Securities and Exchange Commission.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Revenue:				
Rental revenue	\$ 47,245	\$ 46,237	\$ 140,023	\$ 151,138
Escalations & reimbursement revenues	8,824	8,726	21,630	23,656
Signage rent	191	424	924	953
Investment income	3,871	3,306	11,420	11,626
Preferred equity income	1,960	630	5,805	630
Other income	1,095	472	3,402	1,307
Total revenues	<u>63,186</u>	<u>59,795</u>	<u>183,204</u>	<u>189,310</u>
Expenses:				
Operating expenses including \$1,722 and \$5,068 (2002) and \$2,298 and \$4,123 (2001) to affiliates	15,997	14,739	43,174	43,930
Real estate taxes	7,688	7,154	21,798	22,749
Ground rent	3,159	3,101	9,478	9,419
Interest	9,378	9,724	27,235	36,116
Depreciation and amortization	9,795	8,792	28,648	27,192
Marketing, general and administrative	3,160	4,116	9,719	11,331
Total expenses	<u>49,177</u>	<u>47,626</u>	<u>140,052</u>	<u>150,737</u>
Income from continuing operations before equity in net income (loss) from affiliates, equity in net income of unconsolidated joint ventures, gain on sale, minority interest and a cumulative effect adjustment	14,009	12,169	43,152	38,573
Equity in net income (loss) from affiliates	21	(57)	245	(984)
Equity in net income from unconsolidated joint ventures	5,784	2,752	13,113	6,020
Operating earnings	19,814	14,864	56,510	43,609
Gain on sale of rental properties	---	647	---	5,164
Minority interest in operating partnership attributable to continuing operations	(1,167)	(950)	(3,380)	(3,313)
Cumulative effect of change in accounting principle	---	---	---	(532)
Income from continuing operations	18,647	14,561	53,130	44,298
Income from discontinued operations, net of minority interest	789	786	2,034	2,076
Net income	19,436	15,347	55,164	47,004
Preferred stock dividends	(2,300)	(2,300)	(6,900)	(6,900)
Preferred stock accretion	(123)	(114)	(368)	(343)
Net income available to common shareholders	<u>\$ 17,013</u>	<u>\$ 12,933</u>	<u>\$ 47,896</u>	<u>\$ 39,761</u>
Net income per share (basic)	\$ 0.56	\$ 0.45	\$ 1.59	\$ 1.53
Net income per share (diluted)	\$ 0.54	\$ 0.44	\$ 1.55	\$ 1.50
Funds from operations (FFO)				
FFO per share (basic)	\$ 0.93	\$ 0.77	\$ 2.64	\$ 2.42
FFO per share (diluted)	\$ 0.86	\$ 0.72	\$ 2.45	\$ 2.25
FFO Calculation				
Income before minority interests, preferred stock dividends, extraordinary	18,014	14,064	56,610	47,600

Loss, property sales and cumulative effect adjustment	\$ 19,814	\$ 14,804	\$ 20,214	\$ 45,009
Less:				
Preferred stock dividend	(2,300)	(2,300)	(6,900)	(6,900)
Add:				
FFO from discontinued operations	927	1,096	2,761	2,076
Joint venture FFO adjustment	3,072	2,225	7,666	4,579
Depreciation and amortization	9,795	8,791	28,648	27,956
Amortization of deferred financing costs and depreciation of non-real estate assets	(1,046)	(1,055)	(3,086)	(3,371)
FFO - BASIC	<u>30,262</u>	<u>23,621</u>	<u>85,601</u>	<u>68,562</u>
Add: Preferred stock dividends	2,300	2,300	6,900	6,900
FFO - DILUTED	<u>\$ 32,562</u>	<u>\$ 25,921</u>	<u>\$ 92,497</u>	<u>\$ 75,462</u>
Basic ownership interests				
Weighted average REIT common shares	30,357	28,511	30,185	25,988
Weighted average partnership units held by minority interest	2,180	2,280	2,224	2,286
Basic weighted average shares and units outstanding	<u>32,537</u>	<u>30,791</u>	<u>32,409</u>	<u>28,274</u>
Diluted ownership interest				
Weighted average REIT common and common share equivalent shares	30,932	29,093	30,850	26,506
Weighted average partnership units held by minority interests	2,180	2,280	2,224	2,286
Common share equivalents for preferred stock	4,699	4,699	4,699	4,699
Diluted weighted average equivalent shares and units outstanding	<u>37,811</u>	<u>36,072</u>	<u>37,773</u>	<u>33,491</u>

SL GREEN REALTY CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	September 30, 2002 (Unaudited)	December 31, 2001
Assets		
Commercial real estate properties, at cost:		
Land and land interests.....	\$ 131,078	\$ 138,337
Buildings and improvements.....	675,499	689,094
Building leasehold.....	147,911	144,736
Property under capital lease.....	12,208	12,208
	<u>966,696</u>	<u>984,375</u>
Less accumulated depreciation.....	(119,056)	(100,776)
	<u>847,640</u>	<u>883,599</u>
Assets held for sale.....	29,060	---
Cash and cash equivalents.....	25,555	13,193
Restricted cash.....	32,538	38,424
Tenant and other receivables, net of allowance of \$5,860 and \$3,629 reserve in 2002 and 2001, respectively.....	8,102	8,793
Related party receivables.....	4,832	3,498
Deferred rents receivable net of allowance of \$6,321 and \$5,264 in 2002 and 2001, respectively.....	54,992	51,855
Investment in and advances to affiliates.....	3,140	8,211
Structured finance investments, net of discount of \$303 and \$593 in 2002 and 2001, respectively.....	194,709	188,638
Investments in unconsolidated joint ventures.....	217,108	123,469
Deferred costs, net.....	34,957	34,901
Other assets.....	14,569	16,996
Total assets.....	<u>\$ 1,467,202</u>	<u>\$ 1,371,577</u>
Liabilities and Stockholders' Equity		
Mortgage notes payable.....	374,800	\$ 409,900
Revolving credit facility.....	173,931	94,931
Derivative instruments at fair value.....	8,540	3,205
Accrued interest payable.....	1,801	1,875
Accounts payable and accrued expenses.....	32,893	22,819
Deferred compensation awards.....	671	1,838
Deferred revenue/gain.....	3,842	1,381
Capitalized lease obligations.....	15,895	15,574
Deferred land lease payable.....	14,466	14,086
Dividend and distributions payable.....	16,693	16,570
Security deposits.....	19,420	18,829
Liabilities related to assets held for sale.....	\$ 22,545	---
Total liabilities.....	<u>685,497</u>	<u>601,008</u>
Commitments and contingencies.....	44,941	46,430
8% Preferred Income Equity Redeemable Shares \$0.01 par value, \$25.00 mandatory liquidation preference, 25,000 shares authorized, 4,600 outstanding at September 30, 2002 and December 31, 2001.....	111,599	111,231
Stockholders' Equity		
Common stock, \$0.01 par value 100,000 shares authorized, 30,376 and 29,978 issued and outstanding at September 30, 2002 and December 31, 2001, respectively.....	303	300
Additional paid-in capital.....	591,668	583,350
Deferred compensation plan.....	(5,987)	(7,515)
Accumulated other comprehensive loss.....	(8,279)	(2,911)
Retained earnings.....	47,460	39,684

Total stockholders' equity.....	<u>625,165</u>	<u>612,908</u>
Total liabilities and stockholders' equity.....	<u>\$ 1,467,202</u>	<u>\$ 1,371,577</u>

**SL GREEN REALTY CORP.
SELECTED OPERATING DATA-UNAUDITED**

	September 30,	
	<u>2002</u>	<u>2001</u>
Operating Data:		
Net rentable area at end of period (in 000's) ⁽¹⁾	11,533	10,036
Portfolio occupancy percentage at end of period	97.0%	97.5%
Same store occupancy percentage at end of period	96.9%	97.7%
Number of properties in operation	25	25
Office square feet leased (rentable)	354,000	263,000
Average mark-to-market percentage-office	44.4%	40.4%
Average rent per rentable square feet	\$33.23	\$40.10

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