



SL Green Realty Corp. Announces Agreements to Purchase 180 Madison Avenue and to Sell 90 Broad Street

Joint Venture Transactions With Morgan Stanley Real Estate Fund III, L.P.

Partners Will Receive \$60.0 Million for Downtown Building and Pay \$41.25 Million for Midtown Property

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NEW YORK--(BUSINESS WIRE)--Sept. 26, 2000-- A joint venture comprised of SL Green Realty Corp (NYSE:SLG) and Morgan Stanley Real Estate Fund III, L.P. ("MSREF") announced today they have entered into two contracts, the first to acquire the property at 180 Madison Avenue for \$41.25 million and the second, to sell their jointly-owned building at 90 Broad Street for \$60.0 million.

The property being purchased, 180 Madison Avenue, is a 264,960 square foot, 23 story building located in the heart of midtown Manhattan at the corner of 34th Street and Madison Avenue. The property is being purchased from 180 Madison Avenue Company, in a transaction negotiated directly between the parties. In-place rents at the property are approximately \$28.00 per square foot, approximately 25% below-current market levels.

In addition to having a 49.9% ownership interest in the new property, SL Green will also act as the operating partner for the venture, responsible for leasing and managing the property consistent with SL Green's value-added approach.

The property being sold at 90 Broad Street was purchased by SL Green and MSREF in May 1999 for \$34 million. Since then SL Green has greatly increased the property's income through an aggressive leasing program, attractively positioning the building for divestiture. This planned divestiture is part of the Joint Venture's strategy to consolidate its portfolio in the midtown Manhattan area.

As the proceeds from 90 Broad Street will be redeployed into the acquisition of 180 Madison Avenue, the Joint Venture intends to effect a Section 1031 tax-free exchange, thereby deferring capital gain resulting from sale.

In making the announcement, Marc Holliday, Executive Vice President and Chief Investment Officer of SL Green, said "These transactions underscore our long term commitment to increase shareholder value by harvesting non-core properties as their market value increases as well as by reinvesting in new office buildings with strong opportunity for growth in funds from operations due to acquiring significantly below-market in-place rents".

Michael J. Franco, Director of U.S. Acquisitions for MSREF, said "We are delighted to continue investing in attractive opportunities in New York City through our successful relationship with SL Green. Their strategy of enhancing office properties in Manhattan is proving to be very successful, as demonstrated by their outstanding execution on 90 Broad Street. We believe both of these transactions reinforce the benefits of our working together".

SL Green Realty is a self-administered and self-managed real estate investment trust ("REIT") that primarily owns, manages, leases, acquires and repositions office properties in Manhattan.

The Morgan Stanley Real Estate Fund III, L.P., and affiliated real estate funds, is the real estate private equity business of Morgan Stanley Dean Witter & Co. (NYSE: MWD) and a leading global real estate investor with approximately \$4 billion in capital invested and ownership of interests in more than \$20 billion of real estate assets and companies worldwide.

To receive SL Green's latest news release and other corporate documents 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 filing with the Securities and Exchange Commission