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SL GREEN REALTY CORP
Form 10-K405
March 19, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____.

Commission File No. 1-13199

SL GREEN REALTY CORP.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
incorporation or organization)

13-3956755
(I.R.S. Employer of
Identification No.)

420 Lexington Avenue, New York, New York 10170

(Address of principal executive offices - zip code)

(212) 594-2700

(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock \$.01 par value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the restraint was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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As of February 21, 2001, there were 24,543,829 shares of the Registrant's common stock outstanding. The aggregate market value of common stock held by non-affiliates of the Registrant (23,271,684 shares) at February 21, 2001, was \$650,210,851. The aggregate market value was calculated by using the closing price of the stock as of that date on the New York Stock Exchange.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Annual Stockholders' Meeting to be held May 15, 2001 are incorporated by reference into Part III.

SL GREEN REALTY CORP.

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The "Company" means SL Green Realty Corp., a Maryland corporation, and one or more of its subsidiaries (including SL Green Operating Partnership, L.P. (the "Operating Partnership")), and the predecessors thereof (the "SL Green Predecessor") or, as the context may require, SL Green Realty Corp. only or SL Green Operating Partnership, L.P. only and (ii) "S. L. Green Properties" means SL Green Properties, Inc., a New York corporation, as well as the affiliated partnerships and other entities through which Stephen L. Green has historically conducted commercial real estate activities.

INFORMATION CONTAINED IN THIS FINANCIAL REPORT CONTAINS "FORWARD-LOOKING STATEMENTS" RELATING TO, WITHOUT LIMITATION, FUTURE ECONOMIC PERFORMANCE, PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS AND PROJECTIONS OF REVENUE AND OTHER FINANCIAL ITEMS, WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "ESTIMATE" OR "FACTORS THAT MAY INFLUENCE RESULTS AND ACCURACY OF FORWARD LOOKING STATEMENTS" AND ELSEWHERE IDENTIFY IMPORTANT FACTORS WITH RESPECT TO SUCH FORWARD-LOOKING STATEMENTS, INCLUDING CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE IN SUCH FORWARD-LOOKING STATEMENTS.

PART I

ITEM 1. BUSINESS

GENERAL

SL Green Realty Corp. is a self-managed real estate investment trust ("REIT") with in-house capabilities in property management, acquisitions, financing, development, construction and leasing and was formed in June 1997 for the purpose of continuing the commercial real estate business of S. L. Green Properties, Inc. S. L. Green Properties, which was founded in 1980 by Stephen L. Green, its Chairman and Chief Executive Officer, had been engaged in the business of owning, managing, leasing, acquiring and repositioning Class B office properties in Manhattan, a borough of New York City ("Manhattan"). S. L. Green Properties had been involved in the acquisition of 31 Class B office properties in Manhattan containing approximately four million square feet and the management of 50 Class B office properties in Manhattan containing approximately 10.5 million square feet.

As of December 31, 2000, the Company's portfolio consisted of 19 Class B commercial properties encompassing approximately 6.7 million rentable square feet located primarily in midtown Manhattan (the "Properties") and one triple-net leased property located in Shelton, Connecticut. The Company's wholly-owned interests in the Properties represent fee ownership (15), including ownership in condominium units, leasehold ownership (2) and operating sublease ownership (2). Pursuant to the operating sublease arrangements, the Company, as tenant under the operating sublease, performs the functions traditionally performed by landlords with respect to its subtenants. The Company is responsible for not only collecting rent from its subtenants, but also maintaining the property and paying expenses relating to the property. As of December 31, 2000, the weighted average occupancy (total occupied square feet divided by total available square feet) of the Properties was 99%. The Company's portfolio also includes ownership interests in unconsolidated joint ventures which own four Class B office properties in Manhattan, encompassing approximately 2.0 million rentable square feet. In addition, the Company continues to manage four office properties owned by third-parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

The Company's corporate offices are located in midtown Manhattan at 420 Lexington Avenue, New York, New York 10170. The Company's corporate staff

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consists of 94 persons, including 65 professionals experienced in all aspects of commercial real estate. The Company can be contacted at (212) 594-2700 or visit the Company's website at www.slgreen.com.

CORPORATE STRUCTURE

In connection with the Company's initial public offering ("IPO") in August 1997, the Operating Partnership received a contribution of interests in real estate properties as well as 95% of the economic non-voting interest in the management, leasing and construction companies affiliated with S.L. Green Properties (the "Service Corporation"). The Company is organized so as to qualify and has elected to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Code").

Substantially all of the Company's assets are held by, and all of its operations are conducted through, the Operating Partnership, a Delaware limited partnership. The Company is the sole managing general partner of, and as of December 31, 2000, the owner of approximately 91.4% of the economic interests in the Operating Partnership. All of the management and leasing operations with respect to the Properties are conducted through SL Green Management LLC (the "Management LLC"). The Operating Partnership owns a 100% interest in Management LLC.

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In order to maintain the Company's qualifications as a REIT while realizing income from management, leasing, tenant representation and construction contracts with third parties, all of these service operations with respect to properties in which the Company will not own 100% of the interest are conducted through the Service Corporation. The Company, through the Operating Partnership, owns 100% of the non-voting common stock (representing 95% of the total equity) of the Service Corporation. Through dividends on its equity interest, the Operating Partnership expects to receive substantially all of the cash flow from the Service Corporation's operations. All of the voting common stock of the Service Corporation (representing 5% of the total equity) is held by a Company affiliate. This controlling interest gives the affiliate the power to elect all directors of the Service Corporation.

BUSINESS AND GROWTH STRATEGIES

The Company's primary business objective is to maximize total return to shareholders through growth in funds from operations and appreciation in the value of its assets. The Company plans to achieve this objective by assembling the most compelling portfolio of Class B Manhattan office properties by capitalizing on current opportunities in the Class B Manhattan office market through (i) property acquisitions (including through joint ventures) - continuing to acquire Class B office properties at significant discounts to replacement costs that provide attractive initial yields and the potential for cash flow growth, (ii) property repositioning - repositioning acquired properties that are underperforming through renovations, active management and proactive leasing (iii) property dispositions and (iv) integrated leasing and property management. Over the past year, the Company has completed a program of repositioning its assets, through a focused effort of disposing of smaller, mid-block properties to those which are larger, and avenue oriented. Generally, these properties are within a ten minute walk to midtown's primary commuter stations, which the Company believes is a competitive advantage throughout the business cycle.

PROPERTY ACQUISITIONS. The Company acquires properties for long term appreciation and earnings growth (core assets) or for shorter term holding

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periods where it attempts to create significant increases in value which when sold result in capital gains which increase the Company's investment capital base. In acquiring (core and non-core) properties, directly or through joint ventures with the highest quality institutional investors, the Company believes that it has the following advantages over its competitors: (i) management's 20 years of experience as a full service, fully integrated real estate company focused on the Class B office market in Manhattan, (ii) enhanced access to capital as a public company, (as compared to the generally fragmented institutional or venture oriented sources of capital available to private companies) and (iii) the ability to offer tax-advantaged structures to sellers through the exchange of ownership interests as opposed to solely cash transactions. In addition, the Company may benefit from the Tax Relief Extension Act of 1999 (see "Recent Developments") and from tax law developments reducing the transfer tax rates applicable to certain REIT acquisition transactions. These previous barriers to the sale of real property have been greatly reduced or eliminated, making transactions more economically viable for sellers of property.

PROPERTY REPOSITIONING. The Company believes that there are properties that may be acquired which could greatly benefit from management's experience in enhancing property cash flow and value by renovating and repositioning properties to be among the best in their submarkets. Many Class B buildings are located in or near submarkets which are undergoing major reinvestment and where the properties in these markets have low vacancy rates. Featuring unique architectural design, large floor plates or other amenities and functionally appealing characteristics, reinvestment in these properties poses an opportunity to the Company to meet market needs.

PROPERTY DISPOSITIONS. The Company continuously evaluates its properties to identify which are best retained to meet its long term earnings growth objectives and contribute to increasing portfolio value. Properties such as smaller side-street properties, properties located downtown or which simply no longer meet the Company's earnings objectives may provide short term profit opportunities resulting from their sale. These properties become non-core holdings and are sold to create investment capital. The Company believes that by disposing these non-core holdings at attractive prices, they will be able to redeploy the capital by making other property acquisitions or investments in high-yield structured finance investments which will provide future capital gain and earnings growth opportunities.

LEASING AND PROPERTY MANAGEMENT. The Company seeks to capitalize on management's extensive knowledge of the Class B Manhattan marketplace and the needs of the tenants therein by continuing a proactive approach to leasing and management, which includes (i) the use of in-depth market research, (ii) the utilization of an extensive network of third-party brokers, (iii) comprehensive building management analysis and planning and (iv) a commitment to tenant satisfaction by providing "Class A" tenant services at affordable "Class B" rental rates. The Company believes proactive leasing efforts have contributed to average occupancy rates at the Properties exceeding the market average.

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STRUCTURED FINANCE. The Company seeks to invest in high-yield structured finance investments. These investments provide current earnings growth and a potential for future capital gains. These investments are typically floating rate investments and therefore, serve as a natural hedge for the Company's unhedged floating rate debt.

ACQUISITIONS

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The Company acquired the following properties during the year ended December 31, 2000.

Date ----	Property -----	Submarket -----	Ownership Interest % -----	Net Rentable S/F ---
Feb-00	100 Park Avenue	Grand Central South	49.9	834,000
Dec-00	180 Madison Avenue	Grand Central South	49.9	265,000 -----
TOTAL 2000 ACQUISITIONS				1,099,000 =====

In addition, the Company contributed 321 West 44th Street to a joint venture in May 2000. The 203,000 square foot property was valued at \$28.4 million at the time of sale. SL Green retained a 35% interest in the property.

DISPOSITIONS

The Company sold the following properties during the year ended December 31, 2000.

Date ----	Property -----	Submarket -----	Ownership Interest % -----	Net Rentable S/F ---
Feb-00	29 West 35th Street	Garment	100.0	78,000
Mar-00	36 West 44th Street	Grand Central	100.0	178,000
May-00	321 West 44th Street	Times Square	100.0	203,000
Nov-00	90 Broad Street	Financial	35.0	339,000
Dec-00	17 Battery South	Financial	100.0	392,000 -----
TOTAL 2000 DISPOSITIONS				1,190,000 =====

FINANCING

In April 2000, the Company extended the maturity date of the \$26.9 million mortgage encumbering the properties located at 286, 290 and 292 Madison Avenue, Manhattan by one year to May 31, 2001. On January 16, 2001, the Company repaid the \$3.3 million mortgage encumbering 290 Madison Avenue. On February 21, 2001, the Company repaid the balance on this mortgage and added the properties located at 286 and 290 Madison Avenue to the unencumbered asset pool under the Company's \$250 million unsecured credit facility.

On October 2, 2000, the Company obtained a \$125.0 million mortgage encumbering

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the property located at 420 Lexington Avenue. The 8.44% fixed rate loan has a 10 year term. Interest only is payable for the first 12 months. The proceeds were used to repay the \$55.0 million loan on the property which was due to mature on May 21, 2001. The balance of the proceeds was used to pay down the \$250 Million Credit Facility.

On June 27, 2000, the Company repaid in full and terminated its \$140 Million Credit Facility and obtained a new unsecured revolving credit facility in the amount of \$250 million ("250 Million Credit Facility") from a group of 9 lender banks. The \$250 Million 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 the London Interbank Offered Rate ("LIBOR"), based on the Company's leverage ratio. If the Company receives an investment grade rating, the spread over LIBOR will be reduced to 125 basis points. At December 31, 2000, \$23 million was outstanding under the facility and carried an interest rate of 8.17 percent. Availability under the \$250 Million Credit Facility at December 31, 2000 was further reduced by the issuance of letters of credit in the amount of \$21 million for acquisition deposits. The Company is currently negotiating with the bank group to upsize the facility to \$300 million.

The Company also has a \$60.0 million secured revolving credit facility from Prudential Securities Credit Corp. This facility, which has a one year term expiring December 2001, is used to fund the Company's high yield structured finance investments. As of December 31, 2000, the Company had \$23.4 million outstanding under this facility.

MANHATTAN OFFICE MARKET BACKGROUND

The term "Class B" is generally used in the Manhattan office market to describe office properties which are more than 25 years old but which are in good physical condition, enjoy widespread acceptance by high-quality tenants and are situated in desirable locations in Manhattan. Class B office properties can be distinguished from Class A properties in that Class A properties are generally newer properties with higher finishes and obtain the highest rental rates within their markets.

A variety of tenants who do not require, desire or cannot afford Class A space are attracted to Class B office properties due to their prime locations, excellent amenities, distinguished architecture and relatively less expensive rental rates. Class B office space has

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historically attracted many smaller growth oriented firms and has played a critical role in satisfying the space requirements of particular industry groups in Manhattan, such as the advertising, apparel, business services, engineering, not-for-profit, "new media" and publishing industries. By way of example, some of the tenants that currently occupy space in Company owned properties include The City of New York, BMW of Manhattan, Inc., Metro North, New York Life Insurance Company, St. Luke's Roosevelt Hospital, CBS, Inc., Parade Publications, Dow Jones, Crain Communications, Ann Taylor, Escada, Cowles Business Media, Kallir, Philips, Ross Inc., MCI International, New York Presbyterian Hospital, Ross Stores, UNICEF, Gibbs & Cox Inc. and Young and Rubicam, Inc.

The Company's management team has developed a comprehensive knowledge of the Manhattan Class B office market, an extensive network of tenant and other business relationships and experience in acquiring underperforming office properties and repositioning them into profitable Class B properties through intensive full service management and leasing efforts.

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COMPETITION IN ITS MARKETPLACE

All of the Properties are located in highly developed areas of Manhattan that include a large number of other office properties. Manhattan is by far the largest office market in the United States and contains more rentable square feet than the next six largest central business district office markets in the United States combined. Of the total inventory of 379 million rentable square feet in Manhattan, approximately 172 million rentable square feet is comprised of Class B office space and 207 million rentable square feet is comprised of Class A office space. Over the next five years, the Company estimates that Manhattan has approximately 13.9 million square feet of new construction coming on line. This represents approximately 4.0 percent of total Manhattan inventory. A majority of the new construction represents entirely pre-leased properties. The Company believes that midtown vacancy rates are likely to increase over the coming years due to the return of internet related space to the market, potential layoffs from financial mergers, acquisitions and downsizings.

Many tenants have been attracted to Class B properties in part because of their relatively less expensive rental rates (as compared to Class A properties) and the tightening of the Class A office market in midtown Manhattan. Consequently, an increase in vacancy rates and/or a decrease in rental rates for Class A office space would likely have an adverse effect on rental rates for Class B office space. Also, the number of competitive Class B office properties in Manhattan could have a materially adverse effect on the Company's ability to lease office space at its properties, and on the effective rents the Company is able to charge.

The Manhattan office market is a competitive marketplace. Although currently no other publicly traded REITs have been formed solely to own, operate and acquire Manhattan Class B office properties, the Company may in the future compete with such other REITs. In addition, the Company may face competition from other real estate companies (including other REITs that currently invest in markets other than Manhattan) that may have greater financial resources than the Company or that are willing to acquire properties in transactions which are more highly leveraged than the Company is willing to undertake. In addition, certain requirements for REIT qualification may in the future limit the Company's ability to increase operations conducted by the Service Corporation without jeopardizing the Company's qualifications as a REIT.

LEASING ACTIVITY

The following represents the change in occupancy rates of the Properties from December 31, 1998 (or their date of acquisition in 1999 or 2000) as compared to December 31, 2000:

	OCCUPANCY PERCENT		
	DECEMBER 31,		
PROPERTY	2000	1999	1998
-----	----	----	----
Same	98%	97%	93%
Store(1)			

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ACQUIRED 1999	December 31		At Acquisition	Acquisition Date
	2000	1999		
555 West 57th Street	100%	100%	100%	January 1999
286 Madison Avenue	98%	94%	99%	May 1999
290 Madison Avenue	100%	86%	86%	May 1999
292 Madison Avenue	100%	100%	97%	May 1999

(1) Represents properties owned by the Company at December 31, 1998 and still owned at December 31, 2000.

RENT GROWTH

The strength in the New York City economy fueled the demand for quality commercial space in the Company's submarkets. Healthy demand pared

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with virtually no new supply resulted in upward pressure on market rents. These increases provided the Company with the opportunity to generate positive rent growth during the year. This rent growth, measured as the difference between effective (average) rents on new and renewed leases as compared to the expiring rent on those same spaces, was 41% for 2000.

The Company estimates that rents currently in place in the Company's Portfolio are approximately 50.5% below current market asking rents. Properties owned in joint ventures reflect a similar statistic as those rents are generally 71.6% below current asking rents. As of December 31, 2000, 24.9% and 30.4% of all leases in-place in the Portfolio and joint ventures are scheduled to expire during the next four years. The Company expects to capitalize on embedded rent growth as these leases and future leases expire by renewing or replacing these tenant leases at higher prevailing market rents. There can be no assurances that market rents will not erode in the future or that the Company will realize all of the embedded rent growth. The Company believes the depth of the degree that these rents in the current portfolio are below market provides a significant potential for long-term income growth.

EMPLOYEES

At December 31, 2000, the Company employed approximately 437 employees, over 75 of whom were managers and professionals, approximately 323 of whom were hourly paid employees involved in building operations and approximately 39 of whom were clerical, data processing and other administrative employees. There are currently three collective bargaining agreements relating to 19 of the Company's properties covering 323 employees of the Company.

RECENT DEVELOPMENTS

The Company acquired the following properties during January 2001.

2001 ACQUISITIONS

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Date	Property	Submarket	Ownership Interest %	Net Rentable S/F
----	-----	-----	-----	---
Jan-01	1370 Broadway	Garment	100.0	255,000
Jan-01	One Park Avenue	Grand Central South	100.0	913,000
Jan-01	469 7th Avenue	Penn Station	35.0	253,000

TAX MATTERS

The Tax Relief Extension Act of 1999 was recently enacted and contains several tax provisions regarding REITs, including a reduction of the annual distribution requirement for REIT taxable income from 95% to 90%. The act also changes the 10% voting securities test under current law to a 10% vote or value test. Thus, subject to certain exceptions, a REIT will no longer be allowed to own more than 10% of the vote or value of the outstanding securities of any issuer, other than a qualified REIT subsidiary or another REIT. One exception to this new test, which is also an exception to the 5% asset test, allows a REIT to own any or all of the securities of a "taxable REIT subsidiary." A taxable REIT subsidiary can perform non-customary services for tenants of a REIT without disqualifying rents received from such tenants for purposes of the REIT's gross income tests and can also undertake third-party management and development activities as well as non-real-estate-related activities. A taxable REIT subsidiary will be taxed as a regular C corporation but will be subject to earnings stripping limitations on the deductibility of interest paid to its REIT. In addition, a REIT will be subject to a 100% excise tax on certain excess amounts to ensure that (i) tenants who pay a taxable REIT subsidiary for services are charged an arm's-length amount by the taxable REIT subsidiary for the service, rather than paying an excessive amount to the REIT as rent, (ii) shared expenses of a REIT and its taxable REIT subsidiary are allocated fairly between the two, and (iii) interest paid by a taxable REIT subsidiary to its REIT is commercially reasonable.

These new tax provisions became effective January 1, 2001. In addition, grandfather protection is provided with respect to the 10% value test for securities of a corporation held by a REIT on July 12, 1999, but such protection ceases to apply after the corporation engages in a substantial new line of business or acquires any substantial asset and also ceases to apply after the acquisition of additional securities of the corporation by the REIT after July 12, 1999. The Company intends to convert its management subsidiary and eEmerge, Inc. into a taxable REIT subsidiary of SL Green in 2001. Furthermore, the Company may decide to simplify its capital structure, including that of its management subsidiary and eEmerge, Inc. If so, the Company then could consolidate its financial statements. None of the actions the Company may take will require shareholder approval.

Securities of a taxable REIT subsidiary will constitute non-real-estate assets for purposes of determining whether at least 75% of a REIT's assets consist of real estate. In addition, under current law, no more than 5% of a REIT's total assets can consist of securities of a single issuer. The new tax law increases this with respect to taxable REIT subsidiaries, so that no more than 20% of a REIT's total assets can consist of securities of one or more taxable REIT subsidiaries. As of December 31, 2000 the amount of the Company's assets attributable to its taxable subsidiaries was approximately 0.5%.

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ITEM 2. PROPERTIES

THE PORTFOLIO

GENERAL. As of December 31, 2000, the Company owned interests in 19 Class B office properties encompassing approximately 6.7 million rentable square feet located primarily in midtown Manhattan. Certain of the Properties include at least a small amount of retail space on the lower floors, as well as basement/storage space. The Company's portfolio also includes ownership interests in unconsolidated joint ventures which own four Class B office properties in Manhattan, encompassing approximately 2.0 million rentable square feet. These four properties were approximately 98% leased at December 31, 2000.

The following table sets forth certain information with respect to each of the Manhattan properties in the portfolio as of December 31, 2000:

Property	Year Built/ Renovated	Submarket	Approximate Rentable Square Feet	Percentage of Portfolio Rentable Square Feet	Perce Lease
Wholly-Owned					
17 Battery Place North..	1972	World Trade/ Battery Place	419,000	6.26%	100
50 W. 23rd Street.....	1892/1992	Chelsea	333,000	4.98	99
70 W. 36th Street.....	1923/1994	Garment	151,000	2.26	96
110 E. 42nd Street.....	1921/----	Grand Central No. Park Avenue	251,000	3.75	100
470 Park Avenue South(4).....	1912/1994	South	260,000 (4)	3.88	99
633 Third Avenue (6)....	1962/1996	Grand Central No.	41,000	0.61	100
673 First Avenue (10)...	1928/1990	Grand Central So.	422,000	6.31	100
1140 Avenue of the Americas.....	1926/1998	Rockefeller Center	191,000	2.85	100
1372 Broadway	1914/1998	Garment Rockefeller	508,000	7.59	99
1414 Avenue of the Americas.....	1923/1998	Center	111,000	1.66	99
1466 Broadway.....	1907/1982	Times Square	289,000	4.32	84
420 Lexington (7).....	1927/1999	Grand Cent.No.	1,188,000	17.75	100
440 Ninth Avenue.....	1927/1989	Garment	339,000	5.07	94
711 Third Avenue(8).....	1955/-----	Grand Cent.No.	524,000	7.83	100
1412 Broadway	1927/1998	Times Square	389,000	5.81	97
555 West 57th Street (10)	1971/----	Midtown West	941,000	14.06	100
286 Madison Avenue.....	1918/1997	Grand Central So	112,000	1.67	98
290 Madison Avenue.....	1952/----	Grand Central So	36,800	0.55	100
292 Madison Avenue.....	1923/----	Grand Central So	187,000	2.79	100
Total/Weighted average wholly-owned...			6,692,800 (5)	100.0%	99%

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JOINT VENTURES				
321 West 44th Street (11)	1929/----	Times Square	203,000	97%
1250 Broadway (9)(10)...	1968/----	Penn Station	670,000	100
100 Park Avenue (9).....	1950/----	Grand Central S	834,000	100
180 Madison Avenue (9)..	1926/----	Grand Central S	265,000	87
			-----	----
Total/Weighted average joint ventures			1,972,000	98%
			-----	----
Grand Total/Weighted average portfolio.....			8,664,800	98%
			=====	=====

Property	Percentage of Portfolio Annualized Rent	Number of Leases	Annualized Rent Per Leased Square Foot (2)	Annual Net Effective Rent Per Leased Square Foot (3)
-----	----	-----	-----	-----
Wholly-Owned				

17 Battery Place North..	4.61	7	\$20.77	\$20.38
50 W. 23rd Street.....	4.11	17	22.45	21.01
70 W. 36th Street.....	1.87	33	23.84	18.27
110 E. 42nd Street.....	4.22	32	31.65	30.56
470 Park Avenue South(4).....	3.71	29	26.39	20.81
633 Third Avenue (6)....	0.86	3	38.31	38.24
673 First Avenue (10)...	6.88	13	30.04	24.36
1140 Avenue of the Americas.....	3.36	28	33.00	31.87
1372 Broadway	7.36	26	25.90	25.82
1414 Avenue of the Americas.....	2.17	30	35.79	33.24
1466 Broadway.....	5.59	105	45.51	39.02
420 Lexington (7).....	21.22	258	31.15	30.76
440 Ninth Avenue.....	3.84	16	21.34	23.15
711 Third Avenue(8)....	9.26	23	32.32	31.35
1412 Broadway	5.90	119	29.21	28.04
555 West 57th Street (10)	9.85	27	19.55	21.00
286 Madison Avenue.....	1.62	38	27.29	23.75
290 Madison Avenue.....	0.68	5	34.11	36.89
292 Madison Avenue.....	2.89	17	32.28	29.71
	----	--	-----	-----
Total/Weighted.....				
average wholly-owned...	100.0%	826	\$27.71	\$26.59
	=====	===	=====	=====

JOINT VENTURES				
321 West 44th Street (11)		26	17.95	18.64
1250 Broadway (9)(10)...		30	24.23	23.85
100 Park Avenue (9).....		41	34.61	34.80
180 Madison Avenue (9)..		60	24.91	24.44

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Total/Weighted	--	-----	-----
average joint ventures	157	\$28.17	\$28.12
	---	-----	-----
Grand Total/Weighted			
average portfolio.....	983	\$27.81	\$26.94
	===	=====	=====

(1) Annualized Rent represents the monthly contractual rent under existing leases as of December 31, 2000 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2000 for the 12 months ending December 31, 2001 are approximately \$5,646,000 for the wholly-owned Properties and \$334,500 for the joint ventures.

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- (2) Annualized Rent Per Leased Square Foot represents Annualized Rent, as described in footnote (1) above, presented on a per leased square foot basis.
- (3) Annual Net Effective Rent Per Leased Square Foot represents (a) for leases in effect at the time an interest in the relevant property was first acquired by SL Green, the remaining lease payments under the lease (excluding operating expense pass-throughs, if any) divided by the number of months remaining under the lease multiplied by 12 and (b) for leases entered into after an interest in the relevant property was first acquired by SL Green or the Company, all lease payments under the lease (excluding operating expense pass-throughs, if any) divided by the number of months in the lease multiplied by 12, and, in the case of both (a) and (b), minus tenant improvement costs and leasing commissions, if any, paid or payable by the Company and presented on a per leased square foot basis. Annual Net Effective Rent Per Leased Square Foot includes future contractual increases in rental payments and therefore, in certain cases, may exceed Annualized Rent Per Leased Square Foot.
- (4) 470 Park Avenue South is comprised of two buildings, 468 Park Avenue South (a 17-story office building) and 470 Park Avenue South (a 12-story office building).
- (5) Includes approximately 6,094,784 square feet of rentable office space, 448,282 square feet of rentable retail space and 149,734 square feet of garage space.
- (6) The Company holds fee interests in condominium units. This property was sold on January 9, 2001.
- (7) The Company holds an operating sublease interest in the land and improvements.
- (8) The Company holds a leasehold mortgage interest, a net sub-leasehold interest and a co-tenancy interest in this property.
- (9) The Company owns a 49.9% interest in this joint venture.

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(10) Includes a parking garage.

(11) The Company owns a 35% economic interest in this joint venture.

HISTORICAL OCCUPANCY. The Company has historically achieved consistently higher occupancy rates in comparison to the overall Class B Midtown Markets, as shown in the following table:

	PERCENT LEASED AT THE PROPERTIES (1)	OCCUPANCY RATE OF CLASS B OFFICE PROPERTIES IN THE MIDTOWN MARKETS (2)
	----- %	----- %
December 31, 2000.....	99	96
December 31, 1999.....	97	93
December 31, 1998.....	93	92
December 31, 1997.....	94	90
December 31, 1996.....	95	89
December 31, 1995.....	95	87

(1) Includes space for leases that were executed as of the relevant date in Properties owned by the Company or SL Green Properties as of that date.

(2) Includes vacant space available for direct lease, but does not include vacant space available for sublease; including vacant space available for sublease would reduce the occupancy rate as of each date shown. Sources: Cushman & Wakefield.

LEASE EXPIRATIONS. Leases at the Properties, as at many other Manhattan office properties, typically extend for a term of ten or more years, compared to typical lease terms of 5-10 years in other large U.S. office markets. For the 5 years ending December 31, 2005, the average annual rollover at the Properties is approximately 480,000 square feet, representing an average annual expiration of 7.2% of the total leased square feet at the Properties per year (assuming no tenants exercise renewal or cancellation options and no tenant bankruptcies or other tenant defaults).

The following tables set forth a schedule of the annual lease expirations at the wholly-owned Properties and joint ventures, respectively, with respect to leases in place as of December 31, 2000 for each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

		ANNUALIZED
WHOLLY-OWNED PROPERTIES	PERCENTAGE	RENT
		PER

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YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	OF TOTAL LEASED SQUARE FEET	ANNUALIZED RENT OF EXPIRING LEASES (1)	LEASED SQUARE FOOT OF EXPIRING LEASES (2)
2001	177	461,968	6.97%	\$ 12,534,777	\$ 27.13
2002	126	382,491	5.77	10,570,173	27.64
2003	128	506,887	7.65	14,447,701	28.50
2004	78	297,161	4.48	8,536,010	28.73
2005	90	749,837	11.31	22,769,627	30.37
2006	39	332,339	5.01	9,325,452	28.06
2007	36	497,490	7.50	12,268,550	24.66
2008	39	589,467	8.89	17,283,954	29.32
2009	34	542,870	8.19	14,013,430	25.81
2010	39	989,790	14.93	26,804,913	27.08
2011 & thereafter	40	1,278,823	19.29	35,109,865	27.45
Total/weighted average	826	6,629,123	100.00%	\$183,664,452	\$ 27.71

JOINT VENTURES	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUALIZED RENT OF EXPIRING LEASES (1)	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES (2)
2001	20	35,007	1.83%	\$ 798,254	\$ 22.80
2002	32	166,220	8.68	4,005,413	24.10
2003	19	223,291	11.67	5,194,069	23.26
2004	19	156,391	8.17	5,069,817	32.42
2005	13	146,120	7.63	4,419,993	30.25
2006	11	261,153	13.64	5,631,477	21.56
2007	5	251,662	13.15	8,449,948	33.58
2008	10	144,757	7.56	3,801,568	26.26
2009	12	325,927	17.03	10,391,102	31.88
2010	11	138,553	7.24	4,772,488	34.45
2011 & thereafter	5	65,048	3.40	1,385,565	21.30
Total/weighted average	157	1,914,129	100.00%	\$ 53,919,694	\$ 28.17

(1) Annualized Rent of Expiring Leases, as used throughout this report, represents the monthly contractual rent under existing leases as of December 31, 2000 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2000 for the 12 months ending December 31, 2001 are approximately \$5,646,000 for the wholly-owned Properties and \$334,500 for

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the joint venture properties.

- (2) Annualized Rent Per Leased Square Foot of Expiring Leases, as used throughout this report, represents Annualized Rent of Expiring Leases, as described in footnote (1) above, presented on a per leased square foot basis.

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TENANT DIVERSIFICATION. The wholly-owned Properties currently are leased to approximately 800 tenants which are engaged in a variety of businesses, including publishing, health services, retailing and banking. The following table sets forth information regarding the leases with respect to the 20 largest tenants at the Properties, based on the amount of square footage leased by such tenants as of December 31, 2000:

TENANT(1) -----	PROPERTIES -----	REMAINING LEASE TERM IN MONTHS -----
City Of New York	17 Battery Place North	84
BMW of Manhattan, Inc.	555 West 57th Street	139
City University of NY-CUNY (3)	555 West 57th Street	169
MTA.(4)	420 Lexington Avenue	181
St. Luke's Roosevelt Hospital	555 West 57th Street	162
CBS, Inc. (5)	555 West 57th Street	114
New York Presbyterian Hospital (6)	555 West 57th Street and 673 First Avenue	108
Ross Stores	1372 Broadway	113
Ann Taylor	1372 Broadway	115
Crain Communications, Inc.	711 Third Avenue	97
Parade Publications, Inc.	711 Third Avenue	116
Ketchum, Inc.	711 Third Avenue	179
Kallir, Phillips, Ross, Inc.	673 First Avenue	42
UNICEF (7)	673 First Avenue	144
New York Life Insurance Company	420 Lexington Avenue	114
Greater New York Hospital	555 West 57th Street	159
Gibbs & Cox Inc.	50 West 23rd Street	56
Cirpriani 42nd Street, LLC	110 East 42nd Street	96
Young & Rubicam (8)	290/292 Madison Avenue	177
MCI International	17 Battery Place North	10

TOTAL/Weighted Average(2)		119 =====

JOINT VENTURE PROPERTIES

The City of New York (if combined)	1250 Broadway and 17 Battery Place North	84
Philip Morris Management Corp.	100 Park Avenue	84
J&W Seligman & Co., Inc.	100 Park Avenue	97
Visiting Nurse Service of NY	1250 Broadway	68
Information Builders Inc.	1250 Broadway	27

TOTAL

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TENANT(1) -----	PERCENTAGE OF AGGREGATE PORTFOLIO LEASED SQUARE FEET ----	ANNUALIZED RENT ----	PERCENTAGE OF AGGREGATE PORTFOLIO ANNUALIZED RENT -----
City Of New York	3.88%	\$5,401,020	2.94%
BMW of Manhattan, Inc.	3.44	2,771,952	1.51
City University of NY-CUNY (3)	2.16	3,373,812	1.84
MTA.(4)	2.03	3,251,712	1.77
St. Luke's Roosevelt Hospital	2.02	2,993,196	1.63
CBS, Inc. (5)	1.92	2,396,016	1.30
New York Presbyterian Hospital (6)	1.50	2,447,534	1.33
Ross Stores	1.49	2,445,048	1.33
Ann Taylor	1.40	2,526,792	1.38
Crain Communications, Inc.	1.37	2,978,840	1.62
Parade Publications, Inc.	1.24	1,978,656	1.08
Ketchum, Inc.	1.22	3,091,480	1.68
Kallir, Phillips, Ross, Inc.	1.21	2,635,292	1.43
UNICEF (7)	1.21	2,592,750	1.41
New York Life Insurance Company	1.14	2,523,438	1.37
Greater New York Hospital	1.13	2,187,019	1.19
Gibbs & Cox Inc.	1.05	1,871,052	1.02
Cirpriani 42nd Street, LLC	1.95	2,500,000	1.36
Young & Rubicam (8)	1.01	2,322,886	1.26
MCI International	0.61	692,438	0.38
	-----	-----	-----
TOTAL/Weighted Average(2).....	32.07%	\$52,980,933	28.85%
	=====	=====	=====
JOINT VENTURE PROPERTIES			
The City of New York (if combined)		\$6,485,016	
Philip Morris Management Corp.		6,083,448	
J&W Seligman & Co., Inc.		5,343,960	
Visiting Nurse Service of NY		3,360,000	
Information Builders Inc.		1,957,956	

TOTAL		\$23,230,380	
		=====	

(1) This list is not intended to be representative of the Company's tenants as a whole.

(2) Weighted average calculation based on total rentable square footage leased by each tenant.

(3) 93,061 square feet expire May 2010; 50,000 square feet expire January 2015.

(4) 22,467 square feet expire January 2008; 112,220 square feet expire January

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- 2016.
- (5) 106,644 square feet expire December 2003; 20,676 square feet expire June 2010.
 - (6) 76,000 square feet expire August 2006; 23,650 square feet expire December 2009.
 - (7) 40,000 square feet expire December 2003; 40,000 square feet expire December 2012.
 - (8) 5,483 square feet expire August 2015; 61,614 square feet expire September 2015.

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420 LEXINGTON AVENUE (THE GRAYBAR BUILDING)

The Company purchased the operating sublease at 420 Lexington Avenue, a.k.a. the Graybar Building in March 1998. This 31-story office property sits at the foot of Grand Central Terminal in the Grand Central North sub-market of the midtown Manhattan office market. The Property was designed by Sloan and Robertson and completed in 1927. The building takes its name from its original owner, the Graybar Electric Company. The Property contains approximately 1.2 million rentable square feet (including approximately 1,135,000 square feet of office space, and 53,000 square feet of mezzanine and retail space), with floor plates ranging from 17,000 square feet to 50,000 square feet. The Company restored the grandeur of this building through the implementation of an \$11.9 million capital improvement program geared toward certain cosmetic upgrades including new entrance and storefronts, new lobby, elevator cabs, and elevator lobbies and corridors.

The Graybar Building offers unsurpassed convenience to transportation. This property enjoys excellent accessibility to a wide variety of transportation options with a direct passageway to Grand Central Station. Grand Central Station is the major transportation destination for commutation from southern Connecticut and Westchester County. Major bus and subway lines serve this property, as well. The property is ideally located to take advantage of the renaissance of Grand Central Terminal, which has been redeveloped into a major retail/transportation hub containing restaurants such as Michael Jordan's Steakhouse and retailers such as Banana Republic and Kenneth Cole.

The Graybar Building consists of the building at 420 Lexington Avenue and fee title to a portion of the land above the railroad tracks and associated structures which form a portion of the Grand Central Terminal complex in midtown Manhattan. The Company's interest consists of a tenant's interest in a controlling sublease, as described below. The ownership structure of the Graybar Building is as follows.

Fee title to the building and the land parcel is owned by an unaffiliated third party, who also owns the landlord's interest under a lease expiring December 31, 2008 subject to renewal by the tenant through December 31, 2029 (the "Ground Lease"). The Company controls the exercise of this renewal option through the terms of the subordinate leases described below.

The tenant under the Ground Lease is the holder of the landlord's interest under a lease (the "Ground Sublease") which is coterminous (except that it ends on December 30, 2029) and has a complementary renewal option term structure and control to the Ground Lease. The tenant's interest under the Ground Sublease is held by the Company. The tenant under the Ground Sublease is the holder of the landlord's interest under a lease (the "Operating Lease") which is coterminous (except that it ends on December 28, 2029) and has a complementary renewal option term structure and control to the Ground Lease. The tenant's interest under the Operating Lease is held by an unaffiliated third party. The tenant

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under the Operating Lease is the holder of the landlord's interest under a lease (the "Operating Sublease") which is coterminous and has a complementary renewal option term structure and control to the Ground Lease. The tenant's interest under the Operating Sublease is held by the Company.

As of December 31, 2000, approximately 100% of the rentable square footage in the Graybar Building was leased. The following table sets forth certain information with respect to the property:

YEAR-END -----	PERCENT OCCUPIED -----	ANNUALIZED RENT PER LEASED SQUARE FOOT -----
2000.....	100%	\$32.81
1999.....	97	29.63
1998.....	98	25.30
1997.....	86	26.80
1996.....	88	27.26
1995.....	91	28.97

As of December 31, 2000, the Graybar Building was leased to 248 tenants operating in various industries, including legal services, financial services and advertising, none of whom occupied 10% or more of the rentable square footage at the Property.

The following table sets out a schedule of the annual lease expirations at the Graybar Building for leases executed as of December 31, 2000 with respect to each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

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YEAR OF LEASE EXPIRATION -----	NUMBER OF EXPIRING LEASES -----	SQUARE FOOTAGE OF EXPIRING LEASES -----	PERCENTAGE OF TOTAL LEASED SQUARE FEET -----	ANNUALIZED RENT OF EXPIRING LEASES -----	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES -----
2001	47	147,354	11.8%	\$ 4,050,516	\$ 27.49
2002	37	98,730	7.9%	2,926,692	29.64
2003	37	72,955	5.8%	3,135,168	42.97
2004	34	100,859	8.1%	3,300,240	32.72
2005	46	160,271	12.8%	6,297,312	39.29
2006	8	73,863	5.9%	1,956,036	26.48
2007	18	61,336	4.9%	2,251,008	36.70
2008	7	94,402	7.5%	2,998,860	31.77

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2009	8	94,281	7.5%	1,871,364	19.85
2010	9	143,667	11.5%	5,071,176	35.30
2011 and thereafter	7	203,516	16.3%	5,118,925	25.15
	-----	-----	-----	-----	-----
Subtotal/Weighted .	258	1,251,244	100%	\$38,977,297	\$ 31.15
average	=====	=====	=====	=====	=====

The aggregate undepreciated tax basis of depreciable real property at the Graybar Building for Federal income tax purposes was \$139.5 million as of December 31, 2000. Depreciation and amortization are computed for Federal income tax purposes on the straight-line method over lives which range up to 39 years.

The current real estate tax rate for all Manhattan office properties is \$9.547 per \$100 of assessed value. The total annual tax for the Graybar Building at this rate including the applicable BID tax for the 2000/01 tax year is \$6.2 million (at a taxable assessed value of \$61.7 million).

ENVIRONMENTAL MATTERS

The Company engaged independent environmental consulting firms to perform Phase I environmental site assessments on the Properties, in order to assess existing environmental conditions. All of the Phase I assessments have been conducted since March 1997. All of the Phase I assessments met the ASTM Standard. Under the ASTM Standard, a Phase I environmental site assessment consists of a site visit, an historical record review, a review of regulatory agency data bases and records, interviews, and a report, with the purpose of identifying potential environmental concerns associated with real estate. The Phase I assessments conducted at the Properties also addressed certain issues that are not covered by the ASTM Standard, including asbestos, radon, lead-based paint and lead in drinking water. These environmental site assessments did not reveal any known environmental liability that the Company believes will have a material adverse effect on the Company's financial condition or results of operations or would represent a material environmental cost.

The following summarizes certain environmental issues described in the Phase I environmental site assessment reports:

The asbestos surveys conducted as part of the Phase I site assessments identified immaterial amounts of damaged, friable asbestos-containing material ("ACM") in isolated locations in three properties (470 Park Avenue South, 1140 Avenue of the Americas and 1372 Broadway). At each of these Properties, the environmental consultant recommended abatement of the damaged, friable ACM and this was completed by the Company at each of these properties. At all of the Properties except 50 West 23rd Street, non-friable ACM, in good condition, was identified. For each of these Properties, the consultant recommended preparation and implementation of an asbestos Operations and Maintenance ("O & M") program, to monitor the condition of ACM and to ensure that any ACM that becomes friable and damaged is properly addressed and as of this date the Company has implemented such an Operations and Maintenance program.

The Phase I environmental site assessments identified minor releases of petroleum products at 70 West 36th Street. The consultant recommended implementation of certain measures to further investigate, and to clean up, these releases. The Company does not believe that any actions that may be required as a result of these releases will have a material adverse effect on the Company's business.

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GENERAL TERMS OF LEASES IN THE MIDTOWN MARKETS

Leases entered into for space in the midtown markets typically contain terms which may not be contained in leases in other U.S. office markets. The initial term of leases entered into for space in excess of 10,000 square feet in the midtown markets generally is ten to 15 years. The tenant often will negotiate an option to extend the term of the lease for one or two renewal periods of five years each. The base rent during the initial term often will provide for agreed upon increases periodically over the term of the lease. Base rent for renewal terms, and base rent for the final years of a long-term lease (in those leases which do not provide an agreed upon rent during such final years), often is based upon a percentage of the fair market rental value of the premises (determined by binding arbitration in the event the landlord and the tenant are unable to mutually agree upon the fair market value), but not less than the base rent payable at the end of the prior period. Leases typically do not provide for increases in rent based upon increases in the consumer price index.

In addition to base rent, the tenant also generally will pay the tenant's pro rata share of increases in real estate taxes and operating expenses for the building over a base year. In some leases, in lieu of paying additional rent based upon increases in real estate taxes and building operating expenses, the tenant will pay additional rent based upon increases in the wage rate paid to porters over the porters' wage rate in effect during a base year.

Electricity is most often supplied by the landlord either on a submetered basis or rent inclusion basis (i.e., a fixed fee is included in the rent for electricity, which amount may increase based upon increases in electricity rates or increases in electrical usage by the tenant). Base building services other than electricity (such as heat, air conditioning and freight elevator service during business hours, and base building cleaning) typically are provided at no additional cost, with the tenant paying additional rent only for services which exceed base building services or for services which are provided other than during normal business hours. During the year ended December 31, 2000, the Company was able to recover 83% of its electric costs.

In a typical lease for a new tenant, the landlord, at its expense, will deliver the premises with all existing improvements demolished and any asbestos abated. The landlord also typically will provide a tenant improvement allowance, which is a fixed sum which the landlord will make available to the tenant to reimburse the tenant for all or a portion of the tenant's initial construction of its premises. Such sum typically is payable as work progresses, upon submission of invoices for the cost of construction. However, in certain leases (most often for relatively small amounts of space), the landlord will construct the premises for the tenant.

MORTGAGE INDEBTEDNESS

The Company has outstanding approximately \$414.3 million of indebtedness secured by 14 of the Properties. Of this total, \$387.4 million was fixed rate debt or floating rate debt subject to a derivative instrument which effectively fixed the interest rate (weighted average interest rate of 8.22%) and \$26.9 million was floating rate debt (weighted average interest rate of 8.32%). The mortgage notes payable collateralized by the respective properties and assignment of leases at December 31, 2000 are as follows (in thousands):

PROPERTY

50 West 23rd Street

MORTGAGE NOTES

Note payable to GMAC with interest at 7.33% due

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	August 1, 2007.....
29 West 35th Street	First mortgage note with interest payable at 8.46%, due February 1, 2001.....
673 First Avenue	First mortgage note with interest payable at 9.0%, due December 13, 2003.....
470 Park Avenue South	First mortgage note with interest payable at 8.25%, due April 1, 2004.....
1414 Avenue of Americas, 633 Third Avenue and 70 West 36th Street	First mortgage note with interest payable at 7.9%, due May 1, 2009
1412 Broadway	First mortgage note with interest payable at 7.62%, due May 1, 2006.....
711 Third Avenue	First mortgage note with interest payable at 8.13%, due September 10, 2005.....
875 Bridgeport Ave., Shelton, CT	First mortgage note with interest payable at 8.32%, due May 10, 2025.....
420 Lexington Avenue	First mortgage note with interest payable at 8.44%, due November 1, 2010.....

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555 West 57th Street	First mortgage note with interest payable at 8.58%, due November 4, 2004 (1)
	Total fixed rate debt.....
420 Lexington Avenue	First mortgage note with interest payable at 9.25%, due May 21, 2001.....
Madison Properties	First mortgage note with interest payable at 8.32%, due May 31, 2001.....
	Total floating rate debt.....
	Total mortgage notes payable.....

(1) The Company entered into an interest rate protection agreement which fixed the LIBOR interest rate at 6.58% at December 31, 2000. If LIBOR exceeds 6.10%, the rate on the loan will float until the maximum rate of 6.58% is reached.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2000 the Company was not involved in any material litigation nor, to management's knowledge, is any material litigation threatened against them or their properties other than routine litigation arising in the ordinary course of business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the fourth quarter of the fiscal year covered by this report, no matter was submitted to a vote of security holders.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Common Stock of the Company began trading on the New York Stock Exchange ("NYSE") on August 15, 1997 under the symbol "SLG". On February 21, 2001, the reported closing sale price per share of Common Stock on the NYSE was \$27.94 and there were approximately 73 holders of record of the Company's Common Stock. The table below sets forth the quarterly high and low closing sales prices of the Common Stock on the NYSE and the distributions paid by the Company with respect to the periods indicated.

QUARTER ENDED -----	HIGH ----	LOW ---	DISTRIBUTIONS -----
March 31, 1999	\$22.19	\$17.75	\$0.35
June 30, 1999	\$22.25	\$17.69	\$0.35
September 30, 1999	\$21.63	\$19.50	\$0.35
December 31, 1999	\$22.00	\$17.87	\$0.3625
March 31, 2000	\$23.54	\$19.87	\$0.3625
June 30, 2000	\$26.60	\$22.34	\$0.3625
September 30, 2000	\$29.59	\$25.99	\$0.3625
December 31, 2000	\$30.00	\$24.41	\$0.3875

Dividends are declared during each quarter and the dividend is paid during the subsequent quarter.

UNITS

At December 31, 2000 there were 2,307,515 units of limited partnership interest of the Operating Partnership outstanding. These units received distributions per unit in the same manner as dividends were distributed per share to common stockholders.

SALE OF UNREGISTERED SECURITIES

The Company's issuance of securities in the transactions referenced below were not registered under the Securities Act of 1933, pursuant to the exemption contemplated by Section 4(2) thereof for transactions not involving a public offering.

The Company issued 159,515 and 240,000 shares of its Common Stock in July 1998 and January 1999, respectively, for deferred stock-based compensation in connection with employment contracts.

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial data for the Company, and on an historical combined basis for the SL Green Predecessor (as defined below), and should be read in conjunction with the Company's Financial Statements and notes thereto included in Item 8, "Financial Statements and Supplementary Data" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-K. The balance sheet information as of December 31, 2000, 1999, 1998 and 1997 represents the consolidated balance sheet of the Company and the statement of income for the years ended December 31, 2000, 1999 and 1998 and the period August 21, 1997 to December 31, 1997 represents consolidated results of the Company since the IPO. The combined balance sheet information as of December 31, 1996, and statements of income for the period January 1, 1997 to August 20, 1997 and for the year ended December 31, 1996, of the SL Green Predecessor have been derived from the historical combined financial statements.

The "SL Green Predecessor" consisted of the assets, liabilities, and owners' deficits and results of operations of two properties, 1414 Avenue of the Americas and 70 West 36th Street, equity interests in four other properties, 673 First Avenue, 470 Park Avenue South, 29 West 35th Street and the Bar Building (which interests are accounted for under the equity method) and of the assets, liabilities and owners' equity and results of operations of the Company's affiliated Service Corporation.

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THE COMPANY AND THE SL GREEN PREDECESSOR (IN THOUSANDS, EXCEPT PER SHARE DATA)

	THE COMPANY			AUGUST 21 -
	2000	1999	1998	DECEMBER 31
	----	----	----	1997

Operating Data:				
Total revenue	\$ 230,323	\$ 206,017	\$ 134,552	\$ 23,207
	-----	-----	-----	-----
Property operating				
expenses	67,304	62,168	45,207	7,077
Real estate taxes	28,850	29,198	21,224	3,498
Interest	40,431	28,610	13,086	2,135
Depreciation and				
amortization	32,511	27,260	15,404	2,815
Loss on terminated				
project	--	--	1,065	--
Loss on hedge transaction	--	--	176	--
Marketing, general and				
administration	11,561	10,922	5,760	948
	-----	-----	-----	-----
Total expenses	180,657	158,158	101,922	16,473
	-----	-----	-----	-----
Operating income	49,666	47,859	32,630	6,734

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Equity in net income (loss)				
from affiliates	378	730	387	(101)
Equity in net income of				
unconsolidated joint				
ventures	3,108	377	--	--
Equity in net loss of				
uncombined joint ventures	--	--	--	--
	-----	-----	-----	-----
Income (loss) before minority				
interest, extraordinary				
items and gain on sale	53,152	48,966	33,017	6,633
Minority interest	(7,430)	(5,121)	(3,043)	(1,074)
	-----	-----	-----	-----
Income (loss) before				
extraordinary items and				
gain on sale	45,722	43,845	29,974	5,559
Gain on sale of properties/				
Preferred investments	41,416	--	--	--
Extraordinary items (net of				
minority interest)	(921)	(989)	(522)	(1,874)
	-----	-----	-----	-----
Net income (loss)	86,217	42,856	29,452	3,685
Preferred dividends and				
accretion	(9,626)	(9,598)	(5,970)	--
	-----	-----	-----	-----
Income available to common				
shareholders	\$ 76,591	\$ 33,258	\$ 23,482	\$ 3,685
	-----	-----	-----	-----
Net income per common share				
basic	\$ 3.14	\$ 1.37	\$ 1.19	\$ 0.45
	-----	-----	-----	-----
Net income per common share				
diluted	\$ 2.93	\$ 1.37	\$ 1.19	\$ 0.30
	-----	-----	-----	-----
Cash dividends declared per				
common share	\$ 1.475	\$ 1.41	\$ 1.40	\$ 0.51
	-----	-----	-----	-----
Basic weighted average common				
shares outstanding	24,373	24,192	19,675	12,292
	-----	-----	-----	-----
Diluted weighted average				
common share and common				
share equivalents outstanding	31,818	26,680	22,145	12,404
	-----	-----	-----	-----

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THE COMPANY

DECEMBER 31,

2000

1999

1998

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Balance Sheet Data:

Commercial real estate, before accumulated depreciation	\$ 895,810	\$ 908,866	\$ 697,061	\$
Total assets1,161,154	1,071,242	777,796	382,775	
Mortgages and notes payable	460,716	435,693	162,162	
Accrued interest payable	2,349	2,650	494	
Minority interest	43,326	41,494	41,491	
Stockholders' equity/owners' (deficit)	455,073	406,104	404,826	

THE COMPANY

	YEAR ENDED DECEMBER 31, 2000 ----	YEAR ENDED DECEMBER 31, 1999 ----	YEAR ENDED DECEMBER 31, 1998 ----	AUGUST DECEMBER 1997 ----
Other Data:				
Funds from operations after distributions to preferred share- holders (1)	\$ 75,619	\$ 62,645	\$ 42,858	\$ 9,35
Funds from operations before distributions to preferred shareholders(1)	84,819	71,845	48,578	9,35
Net cash provided by operating activities	53,806	48,013	22,665	5,71
Net cash (used in) investing activities	(38,699)	(228,678)	(376,593)	(217,16
Net cash (used in) provided by financing activities	(25,875)	195,990	347,382	224,23

(1) The White Paper on Funds from Operations ("FFO") approved by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT") in March 1995 defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of properties and significant non-recurring events that materially distort the comparative measurement of the Company's performance over time, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. In October 1999, NAREIT revised the definition of FFO to include non-recurring events. This revised definition is effective for all periods beginning on or after January 1, 2000. The Company believes that FFO is helpful to investors as a measure of the performance of an equity REIT because, along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund

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other cash needs. The Company computes FFO in accordance with the current standards established by NAREIT which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the Company. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available for the Company's cash needs, including its ability to make cash distributions. For a reconciliation of net income and FFO, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Funds from Operations."

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

This report includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this report that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including such matters as future capital expenditures, dividends and acquisitions (including the amount and nature thereof), expansion and other development trends of the real estate industry, business strategies, expansion and growth of the Company's operations and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, general economic and business conditions, the business opportunities that may be presented to and pursued by the Company, changes in laws or regulations and other factors, many of which are beyond the control of the Company. Any such statements are not guarantees of future performance and actual results or developments may differ materially from those anticipated in the forward-looking statements.

GENERAL

SL Green Realty Corp. (the "Company"), a Maryland corporation, and SL Green Operating Partnership, L.P. (the "Operating Partnership"), a Delaware limited partnership, were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities.

As of December 31, 2000, the Company's wholly-owned portfolio consisted of 19 Class B commercial properties encompassing approximately 6.7 million rentable square feet located primarily in midtown Manhattan, a borough of New York City ("Manhattan") (the "Properties") and one triple-net leased property located in Shelton, Connecticut. As of December 31, 2000, the weighted average occupancy (total occupied square feet divided by total available square feet) of the Properties was 99%. The Company's portfolio also includes ownership interests in unconsolidated joint ventures which own four Class B commercial properties in

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Manhattan, encompassing approximately 2.0 million rentable square feet (98% occupied as of December 31, 2000). In addition, the Company continues to manage four office properties owned by third-parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

The following discussion related to the consolidated financial statements of the Company should be read in conjunction with the financial statements appearing in Item 8.

RESULTS OF OPERATIONS

COMPARISON OF YEAR ENDED DECEMBER 31, 2000 TO YEAR ENDED DECEMBER 31, 1999

The following comparison for the year ended December 31, 2000 ("2000") compared to the year ended December 31, 1999 ("1999") makes reference to the following: (i) the effect of the "Same-Store Properties," which represents all properties owned by the Company at January 1, 1999, (ii) the effect of the "1999 Acquisitions," which represents all properties acquired in 1999, namely, 286, 290 and 292 Madison Avenue (May 1999) and 555 West 57th Street (November 1999), and (iii) the effect of the "2000 Dispositions," which represents all properties disposed of in 2000, namely, 29 West 35th Street (February 2000), 36 West 44th Street (March 2000), and 321 West 44th Street (May 2000) which was contributed to a joint venture.

RENTAL REVENUES (in millions)	2000	1999	\$ Change	% Change
Rental revenue	\$189.0	\$174.9	\$14.1	8.1%
Escalation and reimbursement revenue	24.7	21.9	2.8	12.8
Signage revenue	2.1	1.7	0.4	23.5
Total	\$215.8	\$198.5	\$17.3	8.7%
Same Store	\$163.8	\$144.8	\$19.0	13.1%
1999 Acquisitions	50.0	43.0	7.0	16.3
2000 Dispositions	2.0	10.7	(8.7)	(81.3)
Total	\$215.8	\$198.5	\$17.3	8.7%

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The increase in rental revenues was primarily due to an overall increase in occupancy at the Properties from 98% in 1999 to 99% in 2000. In addition, annualized replacement rents on previously occupied space at Same-Store Properties and portfolio wide were 49% and 41% higher than previous fully escalated rents, respectively.

The increase in escalation and reimbursement revenue was primarily due to the recovery of higher utility costs (\$2.6 million).

The increase in signage revenue is primarily attributable to 1466 Broadway (\$0.4 million).

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INVESTMENT AND OTHER INCOME (in millions)	2000	1999	\$ Change	% Change
Equity in net income of unconsolidated joint ventures	\$ 3.1	\$ 0.4	\$ 2.7	675.0%
Investment income	13.3	5.3	8.0	150.9
Other	1.1	2.3	(1.2)	(52.2)
Total	\$ 17.5	\$ 8.0	\$ 9.5	118.8%

The increase in equity in net income of unconsolidated joint ventures is due to the Company having two joint venture investments in 1999 comprising 1 million square feet compared to four joint venture investments in 2000 comprising 2 million square feet. In addition, the Company has a larger average equity interest in the joint ventures compared to the prior year. Occupancy at the joint ventures increased from 94% in 1999 to 98% in 2000. Annualized rent and annualized net effective rent per leased square foot has increased 17% and 18%, respectively, over 1999 rates. The Company estimates that the difference between existing in-place fully escalated rents and current market rents is approximately 71.6%.

The increase in investment income primarily represents interest income from 2 Grand Central Tower (\$8.4 million). The balance of the change in investment income is due to investments in 1370 Avenue of the Americas (\$1.7 million, which includes \$0.7 million interest prepayment in connection with its early redemption), 17-29 West 44th Street (\$0.7 million) and interest from excess cash on hand (\$1.0 million). This was offset by a decrease in investment income (\$3.0 million) due to loans on 636 11th Avenue, 521 Fifth Avenue and 17 Battery Place being repaid in 1999.

PROPERTY OPERATING EXPENSES (in millions)	2000	1999	\$ Change	% Change
Operating expenses (excluding electric)	37.9	\$ 35.5	\$ 2.4	6.8%
Electric costs	16.7	13.9	2.8	20.1
Real estate taxes	28.9	29.2	(0.3)	(1.0)
Ground rent	12.7	12.8	(0.1)	(1.0)
Total	\$ 96.2	\$ 91.4	\$ 4.8	5.3%
Same Store	\$ 71.1	\$ 66.2	\$ 4.9	7.4%
1999 Acquisitions	23.1	20.1	3.0	14.9
2000 Dispositions	2.0	5.1	(3.1)	(60.8)
Total	\$ 96.2	\$ 91.4	\$ 4.8	5.3%

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The increase in operating expenses, excluding electricity, were primarily due to higher fuel costs (\$0.6 million), higher cleaning costs (\$0.9 million) and repairs and maintenance (\$0.9 million).

The decrease in real estate taxes attributable to the 2000 Dispositions (\$1.0 million) was partially offset by an increase in real estate taxes of \$0.7 million due to the 1999 Acquisitions. Overall, real estate taxes have increased due to increases in property assessments which were offset by a reduction in tax rates over the prior year.

OTHER EXPENSES (in millions)	2000	1999	\$ Change	% Change

Interest expense	\$ 40.4	\$ 28.6	\$ 11.8	41.3%
Depreciation and amortization expense	. 32.5	27.3	5.2	19.1
Marketing, general and administrative expense	11.6	10.9	0.7	6.4

Total	\$ 84.5	\$ 66.8	\$ 17.7	26.5%
	=====			

Interest expense increased due to increased borrowings in 2000 compared to 1999. In addition, the weighted average interest rate at December 31, 2000 was 8.2% compared to 8.0% at December 31, 1999.

Depreciation and amortization increased primarily due to depreciation on properties acquired and capital expenditures and tenant

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improvements incurred during the periods.

Marketing, general and administrative expenses have decreased as a percentage of total revenues, representing approximately 5.0% and 5.3% of total revenues for 2000 and 1999, respectively.

COMPARISON OF YEAR ENDED DECEMBER 31, 1999 TO YEAR ENDED DECEMBER 31, 1998

The following comparison for the year ended December 31, 1999 compared to the year ended December 31, 1998 makes reference to the following: (i) the effect of the "Same-Store Properties," which represents all properties owned by the Company at January 1, 1998, (ii) the effect of the "1998 Acquisitions," which represents all properties acquired in 1998, and (iii) the effect of the "1999 Acquisitions," which represents all properties acquired in 1999.

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RENTAL REVENUES (in millions)	1999	1998	\$ Change	% Change
Rental revenue	\$174.9	\$114.9	\$60.0	52.2%
Escalation and reimbursement revenue	21.9	15.9	6.0	37.7
Signage revenue	1.7	0.1	1.6	1600.0
Total	\$198.5	\$130.9	\$67.6	51.6%
Same Store	\$ 82.2	\$ 76.9	\$ 5.3	6.9%
1998 Acquisitions	88.1	54.0	34.1	63.1
1999 Acquisitions	28.2	---	28.2	---
Total	\$198.5	\$130.9	\$67.6	51.6%

The increase in rental revenue is primarily attributable to the revenue associated with the following: (i) Same-Store Properties which increased rental revenue \$5.5 million, (ii) the 1998 Acquisitions which increased rental revenue by \$30.0 million, and (iii) the 1999 Acquisitions which increased rental revenue by \$24.5 million.

The increase in escalation and reimbursement revenue is primarily attributable to the revenue associated with the following: (i) the 1998 Acquisitions which increased revenue by \$2.7 million, and (ii) the 1999 Acquisitions which increased revenue by \$3.4 million, partially offset by the Same-Store Properties which decreased revenue by \$0.1 million.

The increase in signage revenue is primarily attributable to 1466 Broadway (\$1.4 million) and 1414 Avenue of the Americas (\$0.2 million).

INVESTMENT AND OTHER INCOME (in millions)	1999	1998	\$ Change	% Change
Equity in net income of unconsolidated joint ventures	\$0.4	\$ --	\$0.4	--
Investment income	5.3	3.3	2.0	60.6%
Other	2.3	0.4	1.9	475.0
Total	\$8.0	\$3.7	\$4.3	116.2%

The investment income for 1999 primarily represents interest income from the 17 Battery Park mortgage (\$0.7 million), 521 Fifth Avenue (\$1.3 million), 636 11th Avenue (\$0.9 million), 1370 Avenue of the Americas (\$1.6 million), interest on other mortgage notes (\$0.3 million) and interest from excess cash on hand (\$0.5 million).

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PROPERTY OPERATING EXPENSES (in million)	1999	1998	\$ Change	% Change
Operating expenses (excluding electric)	\$35.5	\$24.6	\$10.9	44.3%
Electric costs	13.9	9.5	4.4	46.3
Real estate taxes	29.2	21.2	8.0	37.7
Ground rent	12.8	11.1	1.7	15.3
Total	\$91.4	\$66.4	\$25.0	37.7%
Same Store	\$35.7	\$35.1	\$0.6	1.7%
1998 Acquisitions	43.0	31.3	11.7	37.4
1999 Acquisitions	12.7	---	12.7	---
Total	\$91.4	\$66.4	\$25.0	37.7%

The increase in operating expenses was primarily attributable to: (i) Same-Store Properties which increased operating expenses

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by \$0.9 million, (ii) the 1998 Acquisitions which increased operating expenses by \$5.7 million and (iii) the 1999 Acquisition properties which increased operating expenses by \$8.7 million.

The increase in real estate taxes is primarily attributable to: (i) the 1998 Acquisitions which increased real estate taxes by \$4.3 million, and (ii) the 1999 Acquisitions which increased real estate taxes by \$4.0 million, partially offset by a decrease in real estate taxes at Same-Store Properties (\$0.3 million) due to reduced tax rates.

This increase in ground rent primarily resulted from increases at 420 Lexington Avenue (\$1.2 million), and 711 Third Avenue (\$0.5 million).

OTHER EXPENSES (in millions)	1999	1998	\$ Change	% Change
Interest expense	\$28.6	\$13.1	\$15.5	118.3%
Depreciation and amortization expense	27.3	15.4	11.9	77.3
Marketing, general and administrative expense	10.9	5.8	5.1	87.8
Total	\$66.8	\$34.3	\$32.5	94.8%

The increase in interest expense is primarily attributable to: (i) Same-Store Properties (\$2.6 million) as new secured mortgage financing was placed on assets in this portfolio, (ii) 1998 Acquisitions (\$6.8 million) due to financing placed on 420 Lexington Avenue, 711 Third Avenue and 1412 Broadway, (iii) 1999

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Acquisitions (\$5.0 million) due to mortgage financing associated with these purchases and (iv) \$1.1 million higher interest expense at the corporate level.

The increase in depreciation and amortization is primarily attributable to: (i) Same-Store Properties which increased depreciation by \$1.3 million, (ii) the 1998 Acquisitions which increased depreciation by \$6.4 million, (iii) the 1999 Acquisitions which increased depreciation by \$3.2 million, and (iv) an increase in the amortization of deferred finance costs totaling \$1.0 million associated with fees incurred on the Company's 1999 secured mortgage financings.

The increase in marketing, general and administrative is primarily due to increased personnel costs associated with the Company's recent growth (\$3.3 million) and increased public entity and technology costs (\$0.9 million).

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Net cash provided by operating activities increased \$5.8 million to \$53.8 million for the year ended December 31, 2000 compared to \$48.0 million for the year ended December 31, 1999. The increase was due primarily to operating cash flow generated by the Same-Store Properties and 1999 Acquisitions which was partially offset by the decrease in operating cash flow from the 2000 Dispositions. Net cash used in investing activities decreased \$190.0 million to \$38.7 million for the year ended December 31, 2000 compared to \$228.7 million for the year ended December 31, 1999. The decrease was due primarily to the lower dollar volume of acquisitions of wholly-owned properties and capital improvements in 2000 (\$16.6 million and \$38.9 million, respectively) as compared to 1999 (\$133.5 million and \$45.2 million, respectively). In addition, the Company had a \$50.2 million acquisition deposit held in an escrow account for a transaction which closed in January 2001. The net increase in investment in unconsolidated joint ventures (\$32.6 million) and mortgage loans (\$34.2 million) was partially offset by the proceeds from the dispositions of 29 West 35th Street, 36 West 44th Street, 321 West 44th Street, 17 Battery Place South and our interest in 1370 Avenue of the Americas, totaling \$121.1 million and distributions from the joint ventures (\$25.6 million). Net cash provided by financing activities decreased \$221.9 million to \$(25.9) million for the year ended December 31, 2000 compared to \$196.0 million for the year ended December 31, 1999. The decrease was primarily due to lower borrowing requirements (\$64.3 million) due to lower volume of acquisitions, and higher debt repayments (\$160.0 million).

Net cash provided by operating activities increased \$25.3 million to \$48.0 million for the year ended December 31, 1999 compared to \$22.7 million for the year ended December 31, 1998. The increase was due primarily to the operating cash flow generated by the Same-Store Properties, 1998 Acquisitions and 1999 Acquisitions as a result of higher occupancy rates, rents which have been marked to market and flat property operating expense trends and an increase in investment income. Net cash used in investing activities decreased \$147.9 million to \$228.7 million for the year ended December 31, 1999 compared to \$376.6 million for the year ended December 31, 1998. The decrease was due primarily to the decreased amount of property acquisitions in 1999 (\$223 million) as compared to the amount of property acquisitions in 1998 (\$357 million). Net cash provided by financing activities decreased \$151.4 million to \$196.0 million for the year ended December 31, 1999 compared to \$347.4 million provided by financing activities for the year ended December 31, 1998. The decrease was primarily due to net

proceeds from the Company's 1998 public offerings of common stock (\$242.1

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million) and preferred stock (\$109.7 million) which were used to pay-off the Company's Acquisition Facility (\$240 million) and purchase certain 1998 acquisitions as well as an increase in the dividends and distributions paid (\$14.3 million).

CAPITALIZATION

On February 16, 2000, the Board of Directors of the Company authorized a dividend distribution of one preferred share purchase right ("Right") for each outstanding share of common stock under a shareholder rights plan. This dividend was distributed to all holders of record of the common stock on September 30, 2000. Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Series B junior participating preferred stock, par value \$0.01 per share ("Preferred Shares"), at a price of \$60.00 per one one-hundredth of a Preferred Share ("Purchase Price"), subject to adjustment as provided in the rights agreement. The Rights expire on March 5, 2010, unless the expiration date is extended or the Right is redeemed or exchanged earlier by the Company.

The Rights are attached to each share of common stock. The rights are generally exercisable only if a person or group becomes the beneficial owner of 17% or more of the outstanding common stock or announces a tender offer for 17% or more of the outstanding stock ("Acquiring Person"). In the event that a person or group becomes an Acquiring Person, each holder of a Right, excluding the Acquiring Person, will have the right to receive, upon exercise, common stock having a market value equal to two times the Purchase Price of the Preferred Shares.

The Company has an effective shelf registration with the SEC for an aggregate amount of \$400 million in equity securities and preferred stock of the Company.

At December 31, 2000, borrowings under the mortgage loans and credit facilities, (excluding our share of joint venture debt of \$115.8 million), represented 34.72% of the Company's market capitalization based on a total market capitalization (debt and equity including preferred stock), assuming conversion of all operating partnership units, of \$1.33 billion (based on a common stock price of \$28.00 per share, the closing price of the Company's common stock on the New York Stock Exchange on December 31, 2000).

The tables below summarize the Company's mortgage debt and line of credit indebtedness outstanding at December 31, 2000 and 1999, respectively (in thousands).

	December 31,	
	2000	1999
DEBT SUMMARY:		
BALANCE		
Fixed rate	\$317,786	\$ 145,743
Variable rate - hedged	69,606	125,000
	387,392	270,743
Variable rate	49,950	164,950
Variable rate-supporting variable rate assets	23,374	--
	73,324	164,950

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Total	\$460,716	\$ 435,693
	=====	=====
PERCENT OF TOTAL DEBT:		
Total fixed rate	84.08%	62.00%
Variable rate	15.92%	38.00%
	-----	-----
Total	100.00%	100.00%
	=====	=====
EFFECTIVE INTEREST RATE AT END OF PERIOD		
Total fixed rate	8.22%	7.97%
Variable rate	8.20%	8.08%
	-----	-----
Effective interest rate	8.21%	8.01%
	=====	=====

A majority of the variable rate debt shown above bears interest at an interest rate based on LIBOR (6.82% at December 31, 2000). Variable rate debt, net of the variable rate debt supporting variable rate assets, constitutes 10.8% of total debt outstanding. The Company's total debt at December 31, 2000 had a weighted average term to maturity of approximately 6.32 years.

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As of December 31, 2000, the Company has two mortgage loans receivable. The first loan, which has a face value of \$51.9 million and matures on September 30, 2001, carries a weighted average interest rate of 793 basis points over the 30-day LIBOR. The second loan, which has a face value of \$2.4 million and matures on April 16, 2001, carries a 400 basis point spread over the 30-day LIBOR. These variable rate mortgage loans receivable mitigate the Company's exposure to interest rate changes on its unhedged variable rate debt.

MORTGAGE FINANCING

As of December 31, 2000, the Company's total mortgage debt (excluding the Company's share of unconsolidated debt of approximately \$115.8 million) consisted of approximately \$387.4 million of fixed rate debt with an effective interest rate of approximately 8.22% and \$26.9 million of variable rate debt with an effective interest rate of 8.32%. The Company's mortgage debt at December 31, 2000, encumbering 14 properties, will mature as follows (in thousands):

	Scheduled Amortization	Principal Repayments
	-----	-----
2001.....	\$ 5,387	\$ 26,950
2002.....	7,770	---
2003.....	8,694	2,003
2004.....	4,857	75,300
2005.....	4,440	47,247
Thereafter.....	25,167	206,527
	-----	-----

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Total.....	\$ 56,315	\$358,027
	=====	=====

On October 2, 2000, the Company obtained a \$125.0 million mortgage encumbering the property located at 420 Lexington Avenue. The 8.44% fixed rate loan has a 10 year term. Interest only is payable for the first 12 months. The proceeds were used to repay the \$55 million loan on the property which bore interest at 9.25% at December 31, 1999 and was due to mature on May 21, 2001. The balance of the proceeds was used to pay down the \$250 Million Credit Facility (see below).

The \$26.9 million mortgage encumbering the properties located at 286, 290 and 292 Madison Avenue was extended for one year to May 31, 2001. This extension was done in order to match the term of this financing and availability to add these properties to the unencumbered asset pool which collateralizes the Company's \$250 Million Credit Facility. This credit facility had not yet closed at the time of this term financing expiration. On January 16, 2001, the Company repaid the mortgage encumbering 290 Madison Avenue. The remaining balance on this note was repaid on February 21, 2001 with proceeds from the \$250 Million Credit Facility (see below). In February 2001, the bank group approved the addition of 286 and 292 Madison Avenue to the unencumbered asset pool.

\$250 MILLION CREDIT FACILITY

On June 27, 2000, the Company repaid in full and terminated the \$140 Million Credit Facility (see below) and obtained a new senior unsecured revolving credit facility in the amount of \$250.0 million (the "\$250 Million Credit Facility") from a group of 9 lender banks. The \$250 Million 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 the Company's leverage ratio. If the Company receives an investment grade rating, the spread over LIBOR will be reduced to 125 basis points. The Company has the ability to upsize this credit facility to \$300.0 million. At December 31, 2000, \$23.0 million was outstanding and carried an interest rate of 8.17 percent. Availability under the \$250 Million Credit Facility at December 31, 2000 was further reduced by the issuance of letters of credit in the amount of \$21.0 million for acquisition deposits. On February 9, 2001, \$123.0 million was outstanding under the facility. The Company is currently negotiating with the bank group to upsize the facility to \$300.0 million. This upsizing is expected to close in the second quarter 2001.

The terms of the \$250 Million Credit Facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the minimum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable the Company to continue to qualify as a REIT under the Code, the Company will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 90 percent of funds from operations for such period, subject to certain other adjustments. The \$250 Million Credit Facility also requires a 15 to 25 basis point fee on the unused balance payable quarterly in arrears.

The lending group for the \$250 Million Credit Facility consists of Fleet National Bank, NA, as administrative agent, Citibank/Salomon Smith Barney, Inc,

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as syndication agent, Deutsche Banc Alex Brown, as documentation agent, Commerzbank Aktiengesellschaft, New York Branch, The Bank of New York, Wells Fargo Bank, N.A., Bank Leumi USA, PNCBank, N.A., and Key Bank, N.A.

\$140 MILLION CREDIT FACILITY

The \$140 million unsecured credit facility was repaid in full and retired in June 2000 in connection with the Company obtaining the \$250 Million Credit Facility, as described above. The Company recorded a \$430,000 extraordinary loss, net of the minority interest's share of the loss (\$38,000) for the early extinguishment of debt related to the write-off of unamortized financing costs associated with the \$140 Million Credit Facility.

PSCC FACILITY

On December 28, 1999, the Company closed on a \$30 million credit facility with Prudential Securities Credit Corp. ("PSCC"). The borrowing capacity was \$15 million of which none was drawn down at December 31, 1999. The PSCC Facility was secured by the Company's preferred equity interest in 1370 Avenue of the Americas and a repurchase mortgage participation interest in the mortgage at 420 Lexington Avenue. On March 30, 2000, PSCC increased the secured PSCC Facility by \$20 million to \$50 million. No other terms were changed from the original \$30 million secured PSCC Facility. Interest-only is payable based on the 1-Month LIBOR plus 125 basis points. The PSCC Facility may be prepaid at any time during its term without penalty. The PSCC Facility, which was to mature on December 27, 2000, was extended for one year. At that time, the PSCC Facility was increased to \$60 million.

At December 31, 2000, the Company had \$23.4 million outstanding under its PSCC Facility (interest rate of 8.07 percent). The PSCC Facility is secured by the \$51.9 million in mortgage loans receivable on 2 Grand Central Tower.

CAPITAL EXPENDITURES

The Company estimates that for the year ending December 31, 2001, it will incur approximately \$34.7 million of capital expenditures (including tenant improvements) on properties currently owned. Of that total, over \$12.6 million of the capital investments are dedicated to redevelopment costs, including local law 11, associated with properties acquired at or after the Company's IPO. The Company expects to fund these capital expenditures with the credit facility, additional property level mortgage financings, operating cash flow and cash on hand. Future property acquisitions may require substantial capital investments in such properties for refurbishment and leasing costs. The Company expects that these financing requirements will be met in a similar fashion. The Company believes that it will have sufficient capital resources to satisfy its obligations during the next 12 month period. Thereafter, the Company expects that capital needs will be met through a combination of net cash provided by operations, borrowings, potential asset sales or additional equity or debt issuances.

DISTRIBUTIONS

The Company expects to make distributions to its stockholders primarily based on its distributions received from the Operating Partnership primarily from property revenues or, if necessary, from working capital or borrowings.

To maintain its qualification as a REIT, the Company must make annual distributions to its stockholders of at least 95 percent (90 percent effective January 1, 2001) of its REIT taxable income, determined without regard to the dividends paid deduction and by excluding net capital gains. Moreover, the Company intends to continue to make regular quarterly distributions to its stockholders which, based upon current policy, in the aggregate would equal

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approximately \$38.0 million on an annualized basis. However, any such distribution, whether for Federal income tax purposes or otherwise, would only be paid out of available cash after meeting both operating requirements and scheduled debt service on mortgages and loans payable.

TECHNOLOGY INVESTMENTS AND ALLIANCES

Through December 31, 2000, the Company had received 476,705 warrants from Onsite Access Inc. ("Onsite") in exchange for providing Onsite with access to its portfolio of properties. This arrangement provides certain marketing preferences to Onsite in exchange for which the Company will receive a share in the revenues of the service provider. The Company is also entitled to receive up to an additional 405,648 warrants based on the terms of the Warrant Issuance Agreement. Onsite provides comprehensive communications solutions for small and medium-sized business customers in multi-tenant commercial office buildings. The warrants had an estimated fair value of \$306,000 at date of issuance. This was recorded as Deferred Revenue at December 31, 1999 and will be amortized over the term of the agreement. The warrants are held in an LLC of which the Company owns a 75 percent managing member interest, and the remaining interest is held by certain members of management.

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On March 29, 2000, the Company entered into an agreement with Broadband Office, Inc. ("Broadband") to provide telecommunication and internet services to its tenants. In exchange for providing Broadband with access to tenants at some of the Company's properties, the Company received 164,000 shares of common stock with a fair value of \$235,000 on that date.

Through December 2000, the Company made a \$1.5 million limited partnership investment in Internet Realty Partners, L.P. ("IRP"). The Company is committed to fund an additional \$0.5 million. IRP invests in real estate-related internet, technology and e-commerce companies.

On June 6, 2000, the Company entered into a marketing and cooperation agreement with Eureka to provide telecommunication and internet services to its tenants. In exchange for providing Eureka with access to tenants at some of the Company's properties, the Company will receive warrants based on the square footage of property provided. As of December 31, 2000, 58,000 warrants had been received. Such warrants had no value at December 31, 2000.

On August 22, 2000, the Company entered into an agreement with Verticore Communications Ltd. ("Verticore") to participate in the elevator news network program. In exchange for providing Verticore with access to the Company's properties, the Company will receive warrants based on the number of qualifying elevator cabs. As of December 31, 2000, 195,000 warrants had been received by the Company. Such warrants had no value at December 31, 2000. In addition, the Company made a \$750,000 capital investment in exchange for 150,000 shares of Series 2 Class C Convertible Preferred Stock of Verticore.

FUNDS FROM OPERATIONS

The White Paper on FFO approved by the Board of Governors of NAREIT in March 1995 defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of properties and significant non-recurring events that materially distort the comparative measurement of the Company's performance over time, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. In October 1999, NAREIT revised the definition of FFO to include non-recurring events. This revised definition is effective for

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all periods beginning on or after January 1, 2000. The Company believes that FFO is helpful to investors as a measure of the performance of an equity REIT because, along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund other cash needs. The Company computes FFO in accordance with the current standards established by NAREIT which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the Company. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs, including its ability to make cash distributions.

Funds from Operations for the years ended December 31, 2000, 1999 and 1998 on a historical basis, are as follows (in thousands):

	2000	Year ended December 1999
	-----	-----
Income before minority interest, extraordinary item, gain on sales and preferred stock dividends.....	\$ 53,152	\$ 48,966
Add:		
Depreciation and amortization	32,511	27,260
Loss on hedge transaction.....	--	--
Loss on terminated transaction.....	--	--
FFO adjustment for unconsolidated joint ventures.....	3,258	433
Less:		
Dividends on preferred shares.....	(9,200)	(9,200)
Minority interest in the BMW Building.....	--	(1,765)
Amortization of deferred financing costs and depreciation of non-rental real estate assets.....	(4,102)	(3,049)
	-----	-----
Funds From Operations	\$ 75,619	\$ 62,645
	=====	=====
Cash flows provided by operating activities.....	\$ 53,806	\$ 48,103
Cash flows used in investing activities.....	\$ (38,699)	\$ (228,678)
Cash flows (used in) provided by financing activities....	\$ (25,875)	\$ 195,990

In compliance with the White Paper issued by NAREIT in March 1995, the Company has excluded a loss from a hedge transaction (\$176,000) and loss on terminated transaction (\$1.1 million) from the calculation of FFO in 1998. The Company believes these transactions are non-recurring in nature based on the Company's operating history of not entering into these types of transactions and, therefore, are non-recurring and would materially distort the Company's performance if included in the calculation of FFO. In accordance with the revised White Paper issued by NAREIT in October 1999, these transactions would be included in the calculation of FFO.

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INFLATION

Substantially all of the office leases provide for separate real estate tax and operating expense escalations over a base amount. In addition, many of the leases provide for fixed base rent increases or indexed escalations. The Company believes that inflationary increases may be at least partially offset by the contractual rent increases and expense escalations described above.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Company adopted Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective January 1, 2001. The Statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company will record a cumulative effect adjustment upon the adoption of this Statement. This adjustment, of which the intrinsic value of the hedge will be recorded in other comprehensive income (\$811,000) and the time value component will be recorded in the statement of operations (\$483,667), will be an unrealized loss of \$1.3 million. This cumulative effect adjustment will have no impact on FFO. The transition amounts were determined based on the interpretive guidance issued by the Financial Accounting Standards Board to date. The FASB continues to issue interpretive guidance that could require changes in the Company's application of the standard and adjustments to the transition amounts. SFAS No. 133 may increase or decrease reported net income and stockholders' equity prospectively, depending on future levels of interest rates and other variables affecting the fair values of derivative instruments and hedged items, but will have no effect on cash flows.

The Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements," in December 1999. The SAB summarizes certain of the SEC staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. In June 2000, the SEC issued SAB 101B, which delays the implementation date of SAB 101 until no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. The adoption of this SAB did not have a significant impact on the Company's financial statements.

ITEM 7A. MARKET RISK AND RISK MANAGEMENT POLICIES

The Company is exposed to changes in interest rates primarily from its floating rate debt arrangements. The Company uses interest rate derivative instruments to manage exposure to interest rate changes. A hypothetical 100 basis point adverse move (increase) in interest rates along the entire interest rate curve would adversely affect the Company's annual interest cost by approximately \$1.1 million annually.

The Company may enter into derivative financial instruments such as interest rate swaps and interest rate collars in order to mitigate its interest rate risk on a related financial instrument. The Company may designate these derivative financial instruments as hedges and apply deferral accounting. Gains and losses related to the termination of such derivative financial instruments are deferred and amortized to interest expense over the term of the debt instrument. The Company may also utilize interest rate contracts to hedge interest rate risk on anticipated debt offerings. These anticipatory hedges are designated as effective hedges for identified debt issuances which have a high probability of occurring. Gains and losses resulting from changes in the market value of these

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contracts are deferred and amortized into interest expense over the life of the related debt instrument. The cost of hedges determined to be ineffective and hedges not correlated to financings are charged to operations.

Approximately \$387.4 million of the Company's long-term debt bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. The following table presents principal cash flows (in thousands) based upon maturity dates of the debt obligations and the related weighted-average interest rates by expected maturity dates for the fixed rate debt. The interest rate on the variable rate debt as of December 31, 2000 ranged from LIBOR plus 125 basis points to LIBOR plus 150 basis points.

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LONG-TERM DEBT, INCLUDING CURRENT PORTION (IN THOUSANDS)	2001	2002	2003	2004	2005	TH
-----	-----	-----	-----	-----	-----	---
Fixed Rate	\$ 5,387	\$ 7,770	\$ 10,697	\$80,157	\$51,687	\$
Average Interest Rate	8.21%	8.20%	8.19%	8.10%	8.10%	
Variable Rate	\$ 50,324	--	\$ 23,000	--	--	
Average Interest Rate	8.19%		8.17%			

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

SL GREEN REALTY CORP

Report of Independent Auditors.....	
Consolidated Balance Sheets as of December 31, 2000 and 1999.....	
Consolidated Statements of Income for the years ended December 31, 2000, 1999 and 1998.....	
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2000, 1999 and 1998.....	
Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998....	
Notes to Consolidated Financial Statements	

Schedule

Schedule III Real Estate and Accumulated Depreciation as of December 31, 2000	
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REPORT OF INDEPENDENT AUDITORS

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To the Board of Directors and Shareholders of
SL Green Realty Corp.

We have audited the accompanying consolidated balance sheets of SL Green Realty Corp. as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. Our audits also included the financial statement schedule listed in the Index as Item 14(a)(2). These financial statements and schedule are the responsibility of SL Green Realty Corp.'s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of SL Green Realty Corp. at December 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Ernst & Young LLP

New York, New York
February 5, 2001

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SL GREEN REALTY CORP.
CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

ASSETS

Commercial real estate properties, at cost:

Land and land interests
Buildings and improvements
Building leasehold
Property under capital lease

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Less accumulated depreciation

Properties held for sale

Cash and cash equivalents

Restricted cash

Tenant and other receivables, net of allowance of \$1,723 and \$938 in 2000 and 1999, respectively

Related party receivables

Deferred rents receivable, net of allowance for tenant credit loss of \$4,860 and \$5,337 in 2000 and 1999, respectively

Investment in and advances to affiliates

Mortgage loans receivable and preferred equity investment, net of \$3,321 discount in 2000

Investments in unconsolidated joint ventures

Deferred costs, net

Other assets

Total assets

LIABILITIES AND STOCKHOLDERS' EQUITY

Mortgage notes payable

Revolving credit facilities

Accrued interest payable

Accounts payable and accrued expenses

Deferred compensation awards

Deferred revenue

Capitalized lease obligations

Deferred land lease payable

Dividend and distributions payable

Security deposits

Total liabilities

Commitments and Contingencies

Minority interest in Operating Partnership

8% Preferred Income Equity Redeemable SharesSM \$0.01 par value
\$25.00 mandatory liquidation preference, 25,000 authorized and 4,600
outstanding at December 31, 2000 and 1999

STOCKHOLDERS' EQUITY

Common stock, \$0.01 par value 100,000 shares
authorized, 24,516 and 24,184 issued and outstanding at December 31, 2000 and 1999, respectively

Additional paid - in-capital

Deferred compensation plans

Officers' loans, net

Retained earnings/(distributions in excess of earnings)

Total stockholders' equity

Total liabilities and stockholders' equity

The accompanying notes are an integral part of these financial statements.

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SL Green Realty Corp.			
	Years ended December 31,		
	2000	1999	1998
REVENUES			
Rental revenue	\$ 189,048	\$ 174,939	\$ 114,888
Escalation and reimbursement revenues	24,732	21,902	15,920
Signage rent	2,137	1,660	10,000
Investment income	13,271	5,266	3,260
Other income	1,135	2,250	370
Total revenues	230,323	206,017	134,550
EXPENSES			
Operating expenses including \$4,644 (2000), \$4,707(1999), and \$2,118 (1998), to affiliates	54,644	49,414	34,120
Real estate taxes	28,850	29,198	21,220
Ground rent	12,660	12,754	11,080
Interest	40,431	28,610	13,080
Depreciation and amortization	32,511	27,260	15,400
Loss on terminated project	--	--	1,060
Loss on hedge transaction	--	--	170
Marketing, general and administrative	11,561	10,922	5,760
Total expenses	180,657	158,158	101,920
Income before equity in net income from affiliates, equity in net income of unconsolidated joint ventures, gain on sale, minority interest and extraordinary items	49,666	47,859	32,630
Equity in net income from affiliates	378	730	380
Equity in net income of unconsolidated joint ventures	3,108	377	--
Equity in net gain on sale of joint venture property	6,025	--	--
Gain on sale of rental property/preferred investment	35,391	--	--
Minority interest:			
Operating partnership	(7,430)	(3,356)	(3,040)
Partially owned properties	--	(1,765)	--
Extraordinary items, net of minority interest of \$81, \$90, and \$52 in 2000, 1999, and 1998, respectively	(921)	(989)	(520)
Net income	86,217	42,856	29,450
Preferred stock dividends	(9,200)	(9,200)	(5,720)
Preferred stock accretion	(426)	(398)	(250)
Net income available to common shareholders	\$ 76,591	\$ 33,258	\$ 23,480
BASIC EARNINGS PER SHARE:			
Net income before gain on sale and extraordinary item ...	\$ 1.48	\$ 1.41	\$ 1.20
Gain on sales	1.70	--	--
Extraordinary items	(0.04)	(0.04)	(0.00)
Net income	\$ 3.14	\$ 1.37	\$ 1.10
DILUTED EARNINGS PER SHARE:			
Net income before gain on sale and extraordinary item ...	\$ 1.66	\$ 1.41	\$ 1.20
Gain on sales	1.30	--	--
Extraordinary items	(0.03)	(0.04)	(0.00)

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	-----	-----	-----
Net income	\$ 2.93	\$ 1.37	\$ 1.11
	=====	=====	=====
Basic weighted average common shares outstanding	24,373	24,192	19,677
	=====	=====	=====
Diluted weighted average common shares and common share equivalents outstanding	31,818	26,680	22,147
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

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SL GREEN REALTY CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	Common Stock	Additional Paid-In Capital	Deferred Compensation Plan	Officers' Loans	Retained Earnings (Distribution Excess of Earnings)
	-----	-----	-----	-----	-----
Balance at December 31, 1997	\$ 123	\$ 178,669	--	--	\$ (2,587)
Net income	--	--	--	--	29,451
Preferred dividend and accretion requirement	--	--	--	--	(5,977)
Issuance of common stock net offering cost (\$1,615) and revaluation increase in minority interest (\$6,934)	115	234,709	--	--	--
Deferred compensation plan	2	3,561	\$ (3,563)	--	--
Amortization of deferred compensation plan	--	--	297	--	--
Cash distributions declared (\$1.40 per common share of which none represented a return of capital for federal income tax purposes)	--	--	--	--	(29,451)
Amortization of officers' loans	--	--	--	\$ (528)	--
	-----	-----	-----	-----	-----
Balance at December 31, 1998	240	416,939	(3,266)	(528)	(8,551)
Net income	--	--	--	--	42,851
Preferred dividend and accretion requirement	--	--	--	--	(9,597)
Deferred compensation plan and stock award	2	5,019	(4,771)	--	--
Amortization of deferred compensation plan	--	--	1,427	--	--
Cash distributions declared (\$1.41 per common share of which \$0.10 represented a return of capital for federal income tax purposes)	--	--	--	--	(34,127)
Amortization of officers' loans	--	--	--	464	--
	-----	-----	-----	-----	-----

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Balance at December 31, 1999	242	421,958	(6,610)	(64)	(9,42)
Net income	--	--	--	--	86,21
Preferred dividend and accretion requirement	--	--	--	--	(9,62)
Deferred compensation plan and stock award	--	253	6	--	--
Amortization of deferred compensation plan	--	--	1,567	--	--
Redemption of units	1	2,128	--	--	--
Proceeds from options exercised	3	4,359	--	--	--
Cash distributions declared (\$1.475 per common share of which none represented a return of capital for federal income tax purposes)	--	--	--	--	(36,00)
Amortization of officers' loans	--	--	--	64	--
	-----	-----	-----	-----	-----
Balance at December 31, 2000	\$ 246	\$ 428,698	\$ (5,037)	\$ --	\$ 31,16
	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

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SL GREEN REALTY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	SL G
	Years
	2000

OPERATING ACTIVITIES	
Net income	\$ 86,217
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	32,511
Amortization of discount on mortgage receivable	(3,524)
Gain on sale of rental property/preferred investment	(41,416)
Extraordinary item net of minority interest	921
Equity in net (income) from affiliates	(378)
Equity in net (income) from unconsolidated joint ventures	(3,108)
Minority interest	7,430
Deferred rents receivable	(13,741)
Provision for deferred rents and bad debts	1,976
Amortization for officer loans and deferred compensation	1,632
Changes in operating assets and liabilities:	
Restricted cash - operations	(2,500)
Tenant and other receivables, net	(2,764)
Related party receivables	(454)
Deferred costs	(9,273)
Other assets	(3,250)
Accounts payable, accrued expenses and other liabilities	1,174
Deferred revenue	806
Deferred land lease payable	1,547

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Net cash provided by operating activities	53,806

INVESTING ACTIVITIES	
Additions to land, buildings and improvements	(55,475)
Restricted cash - capital improvements/acquisitions	(50,155)
Investment in and advances to affiliates	(1,017)
Investments in unconsolidated joint ventures	(50,918)
Distributions from unconsolidated joint ventures	25,550
Net proceeds from disposition of rental property	121,085
Mortgage loans receivable, net	(27,769)

Net cash used in investing activities	(38,699)

FINANCING ACTIVITIES	
Proceeds from mortgage notes payable	139,917
Repayments of mortgage notes payable and loans	(78,268)
Proceeds from bridge financings	--
Repayments of bridge financings	--
Proceeds from revolving credit facilities	274,046
Repayments of revolving credit facilities	(310,672)
Capitalized lease obligation	286
Net proceeds from sale of 8% mandatory preferred stock	--
Dividends and distributions paid	(47,942)
Deferred loan costs	(7,603)
Net proceeds from sale of common stock	--
Proceeds from stock options exercised	4,361

Net cash (used in) provided by financing activities	(25,875)

Net increase (decrease) in cash and cash equivalents	(10,768)
Cash and cash equivalents at beginning of period	21,561

Cash and cash equivalents at end of period	\$ 10,793
	=====
Supplemental cash flow disclosures	
Interest paid	\$ 40,732
	=====
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES	
Land interest acquired for operating partnership units	
Assets acquired	
Liabilities assumed	
Issuance of common stock as deferred compensation	\$ 253
Contribution of property to joint venture	\$ 9,133
Mortgage notes payable assumed by joint venture	
Mortgage notes payable assigned to joint venture	

In December 2000, 1999, and 1998 the Company declared distributions per share of \$0.3875, \$0.3625, and \$0.35, respectively. These distributions were paid in January 2001, 2000, and 1999, respectively.

The accompanying notes are an integral part of these financial statements.

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1. ORGANIZATION AND BASIS OF PRESENTATION

SL Green Realty Corp. (the "Company" or "SL Green"), a Maryland corporation, and SL Green Operating Partnership, L.P. (the "Operating Partnership"), a Delaware limited partnership, were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities. The Operating Partnership received a contribution of interest in the real estate properties, as well as 95% of the economic interest in the management, leasing and construction companies (the "Service Corporation"). The Company qualifies as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), and operates as a self-administered, self-managed REIT. A REIT is a legal entity that holds real estate interests and, through payments of dividends to shareholders, is permitted to reduce or avoid the payment of Federal income taxes at the corporate level.

Substantially all of the Company's assets are held by, and its operations are conducted through, the Operating Partnership. The Company is the sole managing general partner of the Operating Partnership. As of December 31, 2000, minority investors held, in the aggregate, an 8.6% limited partnership interest in the Operating Partnership.

As of December 31, 2000, the Company's wholly-owned portfolio consisted of 19 Class B commercial properties encompassing approximately 6.7 million rentable square feet located primarily in midtown Manhattan, a borough of New York City ("Manhattan") (the "Properties") and one triple-net leased property located in Shelton, Connecticut. As of December 31, 2000, the weighted average occupancy (total occupied square feet divided by total available square feet) of the Properties was 99%. The Company's portfolio also includes ownership interests in unconsolidated joint ventures which own four Class B commercial properties in Manhattan, encompassing approximately 2.0 million rentable square feet (98% occupied as of December 31, 2000). In addition, the Company continues to manage four office properties owned by third-parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

PARTNERSHIP AGREEMENT

In accordance with the partnership agreement of the Operating Partnership (the "Operating Partnership Agreement"), all allocations of distributions and profits and losses are made in proportion to the percentage ownership interests of the respective partners. As the managing general partner of the Operating Partnership, the Company is required to take such reasonable efforts, as determined by it in its sole discretion, to cause the Operating Partnership to distribute sufficient amounts to enable the payment of sufficient dividends by the Company to avoid any Federal income or excise tax at the Company level. Under the Operating Partnership Agreement each limited partner will have the right to redeem limited partnership units ("Units") for cash, or if the Company so elects, shares of common stock. Under the Operating Partnership Agreement, the Company is prohibited from selling 673 First Avenue and 470 Park Avenue South through August 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries, which are wholly-owned or controlled by the Company. Entities which are not controlled by the Company are accounted for under the equity method (see Note 6). All significant intercompany balances and transactions have been eliminated.

SL GREEN REALTY CORP.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2000

(DOLLARS IN THOUSANDS, EXCEPT SQUARE FEET AND PER SHARE DATA)

INVESTMENT IN COMMERCIAL REAL ESTATE PROPERTIES

Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition and redevelopment of rental properties are capitalized. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

CATEGORY -----	TERM ----
Building (fee ownership)	40 years
Building improvements	shorter of remaining life of the building or
useful life Building (leasehold interest)	lesser of 40 years or remaining life of the lease
Property under capital lease	49 years (lease
term) Furniture and fixtures	four to seven years
Tenant improvements	shorter of remaining life of the lease or useful life

Depreciation expense (including amortization of the capital lease asset) amounted to \$25,547, \$22,672 and \$13,555 for the years ended December 31, 2000, 1999 and 1998, respectively.

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. Management does not believe that the value of any of its rental properties is impaired.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting as the Company exercises significant influence, but does not control these entities. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for equity in earnings (loss) and cash contributions and distributions. Any difference between the carrying amount of these investments on the balance sheet

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of the Company and the underlying equity in net assets is amortized as an adjustment to equity in earnings (loss) of unconsolidated joint ventures over 40 years. See Note 6.

RESTRICTED CASH

Restricted cash primarily consists of security deposits held on behalf of tenants. In 2000, this account also includes \$50,200 in sales proceeds held by a qualified intermediary pursuant to a like-kind tax deferred exchange transaction.

DEFERRED LEASE COSTS

Deferred lease costs consist of fees and direct costs incurred to initiate and renew operating leases and are amortized on a straight-line basis over the related lease term. Certain of the employees of the Company provide leasing services to the Properties. A portion of their compensation, approximating \$2,071 \$1,572, and \$645 for the years ended December 31, 2000, 1999 and 1998, respectively, was capitalized and is amortized over an estimated average lease term of seven years.

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SL GREEN REALTY CORP.
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DEFERRED FINANCING COSTS

Deferred financing costs represent commitment fees, legal and other third party costs associated with obtaining commitments for financing which result in a closing of such financing. These costs are amortized over the terms of the respective agreements. Unamortized deferred financing costs are expensed when the associated debt is refinanced before maturity. Costs incurred in seeking financial transactions which do not close are expensed in the period. Deferred costs associated with the Company's forward treasury lock (see Note 8) are classified as deferred financing costs and are being amortized over the term of the related mortgage financings.

REVENUE RECOGNITION

Rental revenue is recognized on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rents receivable on the accompanying balance sheets. The Company establishes, on a current basis, a reserve for future potential tenant credit losses which may occur against this account. The balance reflected on the balance sheet is net of such allowance.

RENT EXPENSE

Rent expense is recognized on a straight-line basis over the initial term of the lease. The excess of the rent expense recognized over the amounts contractually due pursuant to the underlying lease is included in the deferred land lease payable in the accompanying balance sheet.

INCOME TAXES

The Company is taxed as a REIT under Section 856(c) of the Internal Revenue Code

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of 1986, as amended. As a REIT, the Company generally is not subject to Federal income tax. To maintain qualification as a REIT, the Company must distribute at least 95% (90% effective 2001) of its REIT taxable income to its stockholders and meet certain other requirements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to Federal income tax on its taxable income at regular corporate rates. The Company may also be subject to certain state and local taxes on its income and property. Under certain circumstances, Federal income and excise taxes may be due on its undistributed taxable income.

UNDERWRITING COMMISSIONS AND COSTS

Underwriting commissions and costs incurred in connection with the Company's stock offerings are reflected as a reduction of additional paid-in-capital.

STOCK -BASED COMPENSATION

The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations ("APB No. 25"). Under APB No. 25, compensation cost is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options, if any, is recognized ratably over the vesting period. The Company's policy is to grant options with an exercise price equal to the quoted closing market price of the Company's stock on the business day preceding the grant date. Accordingly, no compensation cost has been recognized for the Company's stock option plans. Awards of stock, restricted stock or employee loans to purchase stock, which may be forgiven over a period of time, are expensed as compensation on a current basis over the benefit period.

EXTRAORDINARY ITEM

Extraordinary item represents the effect resulting from the early settlement of certain debt obligations, including related deferred financing costs, prepayment penalties, yield maintenance payments and other related items.

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INTEREST RATE HEDGE TRANSACTIONS

The Company may enter into derivative financial instruments such as interest rate swaps and interest rate collars in order to mitigate its interest rate risk on a related financial instrument. The Company may designate these derivative financial instruments as hedges and apply deferral accounting. Gains and losses related to the termination of such derivative financial instruments are deferred and amortized to interest expense over the term of the debt instrument.

The Company may also utilize interest rate contracts to hedge interest rate risk on anticipated debt offerings. These anticipatory hedges are designated, and effective, as hedges of identified debt issuances which have a high probability of occurring. Gains and losses resulting from changes in the market value of these contracts are deferred and amortized into interest expense over the life of the related debt instrument. Hedges determined to be ineffective and hedges

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not correlated to financings are charged to operations.

EARNINGS PER SHARE

The Company presents both basic and diluted earnings per share ("EPS"). Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS amount.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash investments, mortgage loans receivable and accounts receivable. The Company places its cash investments with high quality institutions. Management of the Company performs ongoing credit evaluation of its tenants and requires certain tenants to provide security deposits. Though these security deposits are insufficient to meet the terminal value of a tenant's lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost rent and the costs associated with retenanting the space. Although the SL Green Predecessors' buildings and new acquisitions are all located in Manhattan, a borough of New York City ("Manhattan"), the tenants located in these buildings operate in various industries and no single tenant represents 10% of the Company's revenue. Approximately 19% and 11% of the Company's total revenue was derived from 420 Lexington Avenue and 17 Battery Place, respectively, for the year ended December 31, 1998. Approximately 18% and 10% of the Company's total revenue was derived from 420 Lexington Avenue and 555 West 57th Street, respectively, for the year ended December 31, 1999. Approximately 21% of the Company's total revenue was derived from 420 Lexington Avenue for the year ended December 31, 2000. The Company currently has 74% of its workforce covered by three collective bargaining agreements which service all of the Company's properties.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Company adopted Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective January 1, 2001. The Statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company

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will record a cumulative effect adjustment upon the adoption of this Statement. This cumulative effect adjustment, of which the intrinsic value of the hedge will be recorded in other comprehensive income (\$811) and the time value component will be recorded in the statement of operations (\$484), will be an unrealized loss of \$1,300. The transition amounts were determined based on the interpretive guidance issued by the Financial Accounting Standards Board to date. The FASB continues to issue interpretive guidance that could require changes in the Company's application of the standard and adjustments to the transition amounts. SFAS No. 133 may increase or decrease reported net income and stockholders' equity prospectively, depending on future levels of interest rates and other variables affecting the fair values of derivative instruments and hedged items, but will have no effect on cash flows.

The Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements," in December 1999. The SAB summarizes certain of the SEC staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. In June 2000, the SEC issued SAB 101B, which delays the implementation date of SAB 101 until no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. The adoption of this SAB did not have a significant impact on the Company's financial statements.

MARKETABLE SECURITIES

Marketable securities held by the preferred stock subsidiaries in 1998 were classified as available for sale. The cost of these securities approximated their fair value.

RECLASSIFICATION

Certain prior year balances have been reclassified to conform with the 2000 presentation.

3. PROPERTY ACQUISITIONS

2000 ACQUISITIONS

On June 20, 2000, the Company acquired a 64,195 square foot retail building located in the City of Shelton, Fairfield County, Connecticut for approximately \$16,600. The Company redeployed the proceeds from the sale of 29 West 35th Street, through a like-kind tax deferred exchange, to fund this acquisition. The property is triple-net leased to Shaw's Supermarkets, Inc. for 25 years. The Shaw's lease is guaranteed by J Sainsbury PLC, an investment grade corporation with a long-term issued credit rating of "A" by Standard & Poor's and "A1" by Moody's. The property is encumbered by a \$14,900 mortgage. The 25 year mortgage has a fixed annual interest rate of 8.32 percent.

The Company entered into an agreement to purchase 1370 Broadway, Manhattan, a 16-story, 254,573 square foot office building for \$50,400, excluding closing costs. The Company redeployed the proceeds from the sale of 17 Battery Place South, through a like-kind tax deferred exchange, to fund this acquisition. The transaction closed on January 16, 2001.

On September 29, 2000, the Company entered into an agreement to acquire various ownership and mortgage interests in the 913,000 square foot, 20-story office building at One Park Avenue, Manhattan. The Company acquired the fee interest in the property, which is subject to a ground lease position held by third-parties, and certain mortgage interests in the property for \$233,900, excluding closing costs. As part of the transaction, SL Green acquired an option to purchase the

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ground lease position. The acquisition was financed with a \$150,000 mortgage loan provided by Lehman Brothers Holdings Inc. ("LBHI") and funds provided by the Company's unsecured line of credit. The LBHI interest-only mortgage, which matures on January 10, 2004, carries an interest rate of 150 basis points over the 30-day London Interbank Offered Rate ("LIBOR"). The transaction closed on January 10, 2001.

1999 ACQUISITIONS

During January 1999, the Company purchased a sub-leasehold interest in 420 Lexington Avenue for \$27,300. The sub-leasehold expires on December 30, 2008 with one 21-year renewal term expiring on December 30, 2029.

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During January 1999, the Company acquired a 65% controlling interest in 555 West 57th Street (the "BMW Building") for approximately \$66,700 (including a 65% interest in the previously existing third-party mortgage debt totaling \$45,000). The 941,000 square foot property was approximately 100% leased as of the acquisition date. On November 5, 1999 the Company acquired the remaining 35% interest in the BMW Building for \$34,100. Simultaneous with this closing, the Company obtained a new \$70,000 first mortgage from Bank of New York and repaid the \$45,000 debt assumed (see Note 9).

During May 1999, the Company acquired four Manhattan properties located at 90 Broad Street ("90 Broad"), 286, 290 and 292 Madison Avenue (the "Madison Properties") (collectively, the "Tower Properties") for \$84,500. The properties total 675,000 square feet and were approximately 89% leased as of the acquisition date. During July 1999, the Company contributed 90 Broad into a joint venture arrangement (see Note 6).

1998 ACQUISITIONS

On January 8, 1998, the Company acquired fee title to its property located at 1372 Broadway. Prior to this date the Company held a mortgagee's interest in this property with a right to acquire the fee.

During March 1998, the Company purchased the operating leasehold interest in the property located at 420 Lexington Avenue (the "Graybar Building") and the fee interest in the property located at 1466 Broadway from the Helmsley organization (together the "Helmsley Properties") for \$142,000. The Graybar Building is located adjacent to Grand Central Station and encompasses approximately 1.2 million square feet and the property at 1466 Broadway is located at 42nd Street and Broadway encompassing approximately 290,000 square feet.

During March 1998 the Company purchased the property located at 321 West 44th Street for approximately \$17,000, consisting of approximately 209,000 square feet (see Note 4).

On April 14, 1998, the Company converted its mortgage interest in 36 West 44th Street into a fee interest and its mortgage interest in 36 West 43rd Street into a leasehold interest (collectively the "Bar Building") for an additional cost of approximately \$1,000. (See Note 4)

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On May 21, 1998 the Company acquired the outstanding mortgage of the property located at 711 Third Avenue for approximately \$44,600 in cash. The 20-story, 524,000 square foot building was 79% occupied at the date of acquisition. The Company's outstanding mortgage position provides for the Company to receive 100% of the economic benefit from the property, and accordingly for the period owned, the Company has recorded the operating results of the property in the statement of operations. On July 2, 1998 the Company acquired 50% of the fee interest in 711 Third Avenue for \$20,000 and 44,772 units of the Operating Partnership.

On June 1, 1998 the Company acquired the property located at 440 Ninth Avenue for approximately \$32,000 in cash. The 18-story, 340,000 square foot building was 76% occupied at the date of acquisition. In connection with this purchase, the Company obtained a \$6,200 mortgage note receivable secured by the property located at 38 East 30th Street. The note's interest rate was 8% and was paid back during September 1998.

On August 14, 1998 the Company purchased the property located at 1412 Broadway (The Fashion Gallery Building) for \$72,000, plus approximately \$5,000 for reimbursement of loan prepayment charges and \$5,000 related to capital expenditures, commissions and other closing costs. The property is a 25-story office building totaling 389,000 square feet and had an occupancy rate at the date of acquisition, including pending leases, of 89.5%.

PRO FORMA

The following table summarizes, on an unaudited pro forma basis, the combined results of operations of the Company for the year ended December 31, 1999 as though the 1999 acquisitions, including the 90 Broad Street, 286, 290 and 292 Madison Avenue (May 1999) and the minority interest in 555 West 57th Street (November 1999), were made on January 1, 1999. There were no material acquisitions during 2000.

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	1999

Pro forma revenues	\$212,206
Pro forma net income	\$ 33,470
Pro forma basic earnings per common share	\$ 1.38
Pro forma diluted earnings per common share	\$ 1.38
Common and common equivalent share - basic	24,184
Common and common equivalent share - diluted	26,612

4. PROPERTY DISPOSITIONS

During the quarter ended March 31, 2000, the Company sold the properties located at 29 West 35th Street and 36 West 44th Street for a gross sales price of \$43,200. The Company realized a gain of \$14,225 on the sales.

On May 4, 2000, the Company sold a 65% interest in the property located at 321

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West 44th Street to Morgan Stanley Real Estate Fund III, ("MSREF"), valuing the property at \$28,000. The Company realized a gain of \$4,797 on this transaction and retained a 35% interest in the property (with a carrying value of \$6,500), which was contributed to the joint venture with MSREF ("MSSG Realty Partners I, LLC" or "MSSG I"). 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, the venture received a \$22,000 mortgage for the acquisition and capital improvement program, which is estimated at \$3,300. The interest only mortgage matures on April 30, 2003 and has an interest rate based on LIBOR plus 250 basis points (9.32% at December 31, 2000). The venture intends to substantially improve and reposition the property. In addition to retaining a 35% economic interest in the property, SL Green, acting as the operating partner for the venture, is responsible for redevelopment, construction, leasing and management of the property. The venture agreement provides the Company with the opportunity to gain certain economic benefits based on the financial performance of the property.

On December 20, 2000, the Company sold 17 Battery Place South for a gross sales price of \$53,000. The Company realized a gain of \$10,822 on the sale. These proceeds were used to acquire 1370 Broadway (see Note 3 - 2000 Acquisitions) through a like-kind tax deferred exchange.

At December 31, 2000, the Company had one property, 633 Third Avenue, comprising approximately 41,000 rentable square feet, held for sale. This property was under contract for sale in the aggregate gross amount of \$13,250, with deposits of \$1,325. This property was sold on January 9, 2001 for a gain of approximately \$1,537.

The following table discloses certain information regarding the property held for sale by the Company:

	2000	1999
	-----	-----
Total Revenues	\$ 1,630	\$ 1,637
Operating Expenses	485	491
Depreciation and Amortization	156	235
Other	622	415
	-----	-----
Net Income	\$ 367	\$ 496
	=====	=====
Net Carrying Value (including related costs) at December 31, 2000	\$10,895	
	=====	

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5. MORTGAGE LOANS RECEIVABLE AND PREFERRED EQUITY INVESTMENT

On April 14, 2000, the Company made a loan in the amount of \$10,000 to DPSW West 14 LLC. The loan, which can be increased to \$14,000, is secured by the property

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located at 17-29 West 14th Street, Manhattan. On September 27, 2000, the Company sold an \$8,000 senior participation interest in this loan to Manufacturers and Traders Trust Company (MT). Once the loan is fully drawn down, MT will purchase an additional \$2,000 senior participation interest. The initial term of the loan ends on April 16, 2001, but a one-year extension is available. Interest, payable monthly, is based on the 30-day LIBOR plus 400 basis points (10.82% as of December 31, 2000). The loan is prepayable subject to yield maintenance. The Company will receive a fee for servicing the loan.

On March 30, 2000, the Company acquired a \$51,900 interest in an existing first mortgage loan collateralized by 2 Grand Central Tower, Manhattan (2GCT) at a discount. The discount to the face amount of \$3,250 and the back-end fees of \$3,440 are being amortized into investment income over the extended term of the loan, resulting in a total yield on the investment of approximately 22%. This is a subordinate participation interest in an existing first mortgage loan currently held by Credit Suisse First Boston Mortgage Capital, LLC. The loan which was initially due to mature on September 30, 2000, provided the borrower a one year extension option which was exercised on August 30, 2000. The final maturity date of the loan is September 30, 2001. The loan carries a weighted average interest rate of 793 basis points over the 30-day LIBOR (14.75% as of December 31, 2000). 2 GCT also known as 140-148 East 45th Street and 147-151 East 44th Street, is an approximately 620,000 square foot commercial office building located in the heart of the Grand Central submarket.

On July 19, 2000, the Company acquired an additional \$9,344 interest in an existing first mortgage loan collateralized by 2GCT at a \$1,000 discount. The terms of this note were identical to those of the previous note. On September 29, 2000, the Company sold its interest in this loan for approximately \$8,492.

During May 1999, the Company acquired a \$20,000 preferred equity interest in a venture holding the loan secured by fee title of 1370 Avenue of the Americas located in Manhattan. The venture was entitled to receive all of the cash flows from the building, in addition to shared control over the management and leasing of the property. The venture also had the right to obtain fee title to the property after a prescribed period of time. The Company was reappointed manager of the property. The investment entitled the Company to receive a yield of 700 basis points over 30-day LIBOR preferentially on a current basis. In addition to receiving its preferred return, the Company was entitled to participate in the value it created through a purchase option, entitling it to acquire 50% of the common equity of the venture at a fixed price, based on today's estimate of market value of the property. Further, the Company had the right to obtain 100% of the venture through the exercise of a right of first offer.

On September 15, 2000, the Company's preferred equity interest of \$20,000 in 1370 Avenue of the Americas was redeemed. In connection with the early redemption, the Company received a prepayment of interest of \$692. As a result of the sale of the ownership interest in the property, the Company realized a gain of approximately \$8,600. The gain on sale (\$5,624) is presented in the financial statements net of transaction and compensation costs (see Note 15).

During April 1999, the Company originated and funded a \$20,000 second mortgage bridge loan to finance 521 Fifth Avenue Partners, LLC's acquisition of a 440,000 square foot Manhattan office building located at 521 Fifth Avenue. The second mortgage bridge loan which had an initial term of six months with a yield of 16%, was extended for an additional three months with an expected yield of 17%. Goldman Sachs Mortgage Company purchased a 50% participation in the investment. This loan was repaid in full in December 1999.

On August 6, 1998 the Company closed the acquisition of an existing first mortgage secured by the property located at 636 11th Avenue, which is a 469,000 square foot industrial and warehouse block front property located between 46th and 47th Streets for \$10,900. The mortgage bore interest at 8.875% at December

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31, 1998. The Company had contracted to buy this mortgage on June 11, 1998 and simultaneously entered into an agreement to purchase the property during January 1999. This property was in Chapter 11 bankruptcy

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proceedings. During January 1999 the Company terminated this purchase agreement. The unrecoverable project costs and settlement costs resulted in a \$1,100 charge to 1998 earnings. This loan was repaid in full in December 1999.

6. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

MORGAN STANLEY JOINT VENTURE

During July 1999, the Company entered into a joint venture agreement with MSREF to own 90 Broad. The property was contributed to MSSG I by the Company and the Company retained a 35% economic interest in the venture. At the time of the contribution the property was valued at \$34,600 which approximated the Company's cost basis in the asset. In addition, the venture assumed the existing \$20,800 first mortgage that was collateralized by the property. The Company provided management, leasing and construction services at the property on a fee basis. During 2000 and 1999, the Company earned \$226 and \$62, respectively, for such services. The venture agreement provided the Company with an opportunity to receive a promotional interest with respect to sales proceeds and cash distributions once a fixed hurdle rate is achieved.

On March 1, 2000, the \$20,800 mortgage on 90 Broad was assigned to a new lender. The new lender advanced an additional \$11,200 to the joint venture. The two loans were then consolidated, amended and restated into a consolidated \$32,000 mortgage which was to mature on March 1, 2002. Interest only was payable on the loan at the rate of LIBOR plus 175 basis points. On November 13, 2000, MSSG I sold 90 Broad for a gross sales price of \$60,000 and repaid the loan. The joint venture realized a gain of \$16,446 on the sale. The Company's share of this gain was \$6,025.

See Note 3 for a description of the investment in 321 West 44th Street.

On November 13, 2000, the Company and MSREF, through its MSSG I joint venture, acquired 180 Madison Avenue, Manhattan, for \$41,250, excluding closing costs. The property is a 264,960 square foot, 23-story building. In addition to having a 49.9 percent ownership interest in the property, SL Green will act as the operating partner for the venture, and will be responsible for leasing and managing the property. The acquisition was partially funded by a \$32,000 mortgage from M&T Bank. The loan, which matures on December 1, 2005, carries a fixed interest rate of 7.81 percent. The mortgage is interest only until January 1, 2002, at which time principal payments begin. The loan can be upsized to \$34,000.

The Company and MSREF, through its MSSG II joint venture, entered into a contract to acquire 469 Seventh Avenue, Manhattan, for \$45,700, excluding closing costs. The property is a 253,000 square foot, 16-story office building. In addition to having a 35% ownership interest in the property, SL Green will act as the operating partner for the venture, and will be responsible for leasing and managing the property. The transaction closed on January 31, 2001.

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The acquisition was partially funded by a \$36,000 mortgage from LBHI. The loan, which matures on February 10, 2003, carries a fixed interest rate of 7.84%.

CARLYLE REALTY JOINT VENTURE

During August 1999, the Company entered into a joint venture agreement with Carlyle Realty to purchase 1250 Broadway located in Manhattan for \$93,000. The property is 670,000 square feet and was 97% leased at acquisition. The Company holds a 49.9% stake in the venture and provides management, leasing and construction services at the property on a fee basis. During 2000 and 1999, the Company earned \$624 and \$371, respectively, for such services. The acquisition was partially financed with a floating rate mortgage totaling \$64,700 maturing in 3 years. This facility has the ability to be increased to \$69,700 as funding of capital requirements is needed. The mortgage, which was syndicated into a \$57,000 tranche and a \$7,650 tranche, carries a weighted average interest rate of 300 basis points over 30-day LIBOR (9.82% at December 31, 2000). The venture agreement provides the Company with an opportunity to receive a promotional interest with respect to sales proceeds and cash distributions once a fixed hurdle rate is achieved.

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PRUDENTIAL REALTY JOINT VENTURE

On February 18, 2000, the Company acquired a 49.9% interest in a joint venture which owned 100 Park Avenue ("100 Park") for \$95,800. 100 Park is an 834,000 square foot, 36-story property, located in Manhattan. The purchase price was funded through a combination of cash and a seller provided mortgage on the property of \$112,000 (\$55,888 represents SL Green's share of the debt). On August 11, 2000 AIG/SunAmerica issued a \$120,000 mortgage collateralized by the property located at 100 Park, which replaced the pre-existing \$112,000 mortgage. The 8.00% fixed rate loan has a 10 year term. Interest only is payable through October 1, 2001. The Company will provide managing and leasing services for 100 Park. During 2000, the Company earned \$479 for such services.

The condensed combined balance sheets for the unconsolidated joint ventures at December 31, 2000, is as follows:

ASSETS	2000	1999
	-----	-----
Commercial real estate property	\$360,347	\$130,585
Other assets	31,641	14,236
	-----	-----
Total Assets	\$391,988	\$144,821
	=====	=====
LIABILITIES AND MEMBERS' EQUITY		
Mortgage payable	\$238,650	\$ 85,450
Other liabilities	15,043	7,278
Members' equity	138,295	52,093
	-----	-----

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Total liabilities and members' equity	\$391,988	\$144,821
	=====	=====
Company's net investment in unconsolidated joint ventures	\$ 65,031	\$ 23,441
	=====	=====

The condensed combined statements of operations for the unconsolidated joint ventures from acquisition date through December 31, 2000 is as follows:

	2000	1999
	-----	-----
Total revenues	\$60,429	\$ 9,433
	-----	-----
Operating expense	17,460	3,069
Real estate taxes	9,881	1,522
Interest	18,733	2,606
Depreciation and amortization	7,869	1,356
	-----	-----
Total expenses	53,943	8,553
	-----	-----
Net income before gain on sale	\$ 6,486	\$ 880
	=====	=====
Company's equity in earnings of unconsolidated joint ventures	\$ 3,108	\$ 377
	=====	=====

7. INVESTMENT IN AND ADVANCES TO AFFILIATES

	2000	1999
	-----	-----
Investment in and advances to Service Corporation, net	\$4,166	\$4,978
Investment in and advances to eEmerge, net	2,207	--
	-----	-----
Investments in and advances to affiliates	\$6,373	\$4,978
	=====	=====

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SERVICE CORPORATION

In order to maintain the Company's qualification as a REIT while realizing income from management, leasing and construction contracts from third parties and joint venture properties, all of the management operations are conducted through an unconsolidated company, the Service Corporation. The Company, through the Operating Partnership, owns 100% of the non-voting common stock

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(representing 95% of the total equity) of the Service Corporation. Through dividends on its equity interest, the Operating Partnership receives substantially all of the cash flow from the Service Corporation's operations. All of the voting common stock of the Service Corporation (representing 5% of the total equity) is held by a Company affiliate. This controlling interest gives the affiliate the power to elect all directors of the Service Corporation. The Company accounts for its investment in the Service Corporation on the equity basis of accounting because it has significant influence with respect to management and operations, but does not control the entity.

All of the management, leasing and construction services with respect to the properties wholly-owned by the Company, are conducted through Management LLC which is 100% owned by the Operating Partnership.

eEMERGE

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, through the Operating Partnership, owns 96.5% of the non-voting common stock (representing 87% of the total equity) of eEmerge. Through dividends on its equity interest, the Operating Partnership receives approximately 87% of the cash flow from eEmerge operations. Approximately 96.5% of the voting common stock (representing 9.5% of the total equity) is held by a Company affiliate. This controlling interest gives the affiliate the power to elect all the directors of eEmerge. 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 funded approximately \$2,207 to eEmerge as of December 31, 2000 out of a total commitment of \$3,425. In addition, the Company made a landlord contribution of \$787 for the build-out of one floor and has committed to fund an additional \$787 for the build-out of a second floor.

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 45,000 square foot fractional office suites business marketed to the technology industry. ENYC entered into a 10-year lease with the Operating Partnership for its premises, which is located at 440 Ninth Avenue, Manhattan. Allocations of net profits, net losses and distributions shall be made in accordance with the Limited Liability Company Agreement of ENYC.

8. DEFERRED COSTS

Deferred costs consist of the following:	2000	1999
	-----	-----
Deferred financing	\$ 19,277	\$ 15,096
Deferred leasing	37,413	26,682
	-----	-----
	56,690	41,778
Less accumulated amortization	(16,577)	(11,238)
	-----	-----
	\$ 40,113	\$ 30,540
	=====	=====

SL GREEN REALTY CORP.
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9. MORTGAGE NOTES PAYABLE

The mortgage notes payable collateralized by the respective properties and assignment of leases at December 31, 2000 and 1999 are as follows:

PROPERTY -----	MORTGAGE NOTES -----	2000 ----
50 West 23rd Street	Note payable to GMAC with interest at 7.33%, due August 1, 2007.....	\$21,00
29 West 35th Street	First mortgage note with interest payable at 8.46%, due February 1, 2001 (2).....	--
673 First Avenue	First mortgage note with interest payable at 9.0%, due December 13, 2003.....	11,99
470 Park Avenue South	First mortgage note with interest payable at 8.25%, due April 1, 2004.....	9,77
1414 Avenue of Americas, 633 Third Avenue and 70 West 36th Street	First mortgage note with interest payable at 7.9%, due May 1, 2009 (3).....	33,95
1412 Broadway	First mortgage note with interest payable at 7.62%, due May 1, 2006.....	52,00
711 Third Avenue	First mortgage note with interest payable at 8.13%, due September 10, 2005 (3).....	49,17
875 Bridgeport Ave., Shelton, CT	First mortgage note with interest payable at 8.32%, due May 10, 2025.....	14,90
420 Lexington Avenue	First mortgage note with interest payable at 8.44%, due November 1, 2010 (3).....	125,00
555 West 57th Street	First mortgage note with interest payable at 8.58%, due November 4, 2004 (1)	69,60
	Total fixed rate debt.....	387,39
420 Lexington Avenue	First mortgage note with interest payable at 9.25%, due May 21, 2001.....	--
Madison Properties	First mortgage note with interest payable at 8.32%, due May 31, 2001.....	26,95
	Total floating rate debt.....	26,95
	Total mortgage notes payable.....	\$414,34 =====

(1) The Company entered into an interest rate protection agreement which fixed the LIBOR interest rate at 6.58% at December 31, 2000. If LIBOR exceeds 6.10%, the loan will float until the maximum rate of 6.58% is reached.

(2) This mortgage was repaid on February 11, 2000.

(3) Held in bankruptcy remote special purpose entity.

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At December 31, 2000, the net carrying value of the properties collateralizing the mortgage notes was \$578,401.

2000 FINANCING

In April, 2000, the Company extended the maturity date of the \$26,950 mortgage encumbering the properties located at 286, 290 and 292 Madison Avenue, Manhattan by one year to May 31, 2001. On January 16, 2001, the Company repaid the \$3,300 mortgage encumbering 290 Madison Avenue.

On October 2, 2000, the Company obtained a \$125,000 mortgage encumbering the property located at 420 Lexington Avenue. The 8.44% fixed rate loan has a 10 year term. Interest only is payable for the first 12 months. The proceeds were used to repay the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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\$55,000 loan on the property which was due to mature on May 21, 2001. The balance of the proceeds was used to pay down the \$250 Million Credit Facility.

1999 FINANCING

During April 1999, the Company closed on two fixed-rate mortgage financings totaling \$102,800 with maturities of 10 years (\$50,800 secured by 1414 Avenue of the Americas, 36 West 44th Street, 633 Third Avenue and 70 West 36th Street) and 7 years (\$52,000 secured by 1412 Broadway). The weighted average interest rate on these financings is 7.78%. These mortgages replaced \$87,500 in secured floating-rate bridge financings (see 1998 Financings) and provided approximately \$13,000 in additional liquidity that was used to reduce the amount outstanding under the Company's revolving credit facility. The Company recorded a \$600 extraordinary loss during the quarter ended June 30, 1999 for the early extinguishment of debt related to the write-off of unamortized deferred financing costs associated with these secured bridge loans.

During May 1999, the Company closed on loans totaling \$117,700. The first loan of \$65,000 was secured by the Company's interest in 420 Lexington Avenue. The term of this loan was two years and bore interest at a rate of 275 basis points over the 30-day LIBOR rate. In October 1999, the Company repurchased a \$10,000 non-investment grade tranche lowering the effective spread from LIBOR plus 275 basis points to LIBOR plus 203 basis points. This loan was repaid in connection with the refinancing of the loan encumbering 420 Lexington Avenue (see 2000 Financing above). Simultaneous with the closing, the Company entered into an interest rate protection agreement which capped LIBOR at 6.5% for the term of the loan. The second loan was a \$52,700 one-year floating rate facility, secured by the Madison Properties (\$26,950), 90 Broad (\$20,800) and 711 Third Avenue (\$5,000) and bears interest at a rate of 150 basis points over the 30-day LIBOR rate (8.32% at December 31, 2000).

During September 1999, the Company closed a \$49,200 fixed rate financing secured by the property located at 711 Third Avenue. This mortgage matures in 6 years and carries a fixed interest rate of 8.13%. The proceeds were used to repay a \$5,000 existing financing on the property (see above) with the balance used to reduce the amount outstanding under the Company's revolving credit facility.

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During November 1999, simultaneous with the closing of the remaining 35 percent interest in the BMW Building, the Company obtained a new \$70,000 first mortgage from Bank of New York. The mortgage has a term of five years with a floating interest rate of 200 basis points over 30-day LIBOR (8.58% at December 31, 2000). At the time of the financing, the Company entered into an interest rate protection agreement with Bank of New York. The agreement has fixed the LIBOR interest rate at 6.10% however, the LIBOR interest rate on the loan will begin floating if the actual LIBOR rate exceeds 6.10% and is capped at a maximum LIBOR rate of 6.58%. At closing the loan's effective interest rate inclusive of the collar arrangement was 8.17%. This interest rate "collar" agreement is in effect for five years to correspond with the term of the loan. The Company recorded a \$400 extraordinary loss during the quarter ended December 31, 1999 for the early extinguishment of debt related to prepayment penalties incurred as a result of the early repayment of the \$45,000 debt assumed in January 1999.

1998 FINANCINGS

During March 1998, the Company converted the notes payable that were collateralized by 50 West 23rd Street into fixed rate obligations at an interest rate of 7.33%.

During December 1998, the Company closed two short-term bridge financings. The first financing was a \$51,500 bridge loan with Prudential Securities at an interest rate equal to 200 basis points over the current one-month LIBOR (7.58% at December 31, 1998). The loan which was secured by the properties located at 1412 Broadway and 633 Third Avenue was repaid in April 1999. The second financing was a \$36,000 bridge loan with Lehman Brothers at an interest rate equal to 275 basis points over the current one-month LIBOR (8.29% at December 31, 1998). The loan which was secured by the properties located at 70 West 36th Street, 1414 Avenue of the Americas and The Bar Building was repaid in April 1999.

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SL GREEN REALTY CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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PRINCIPAL MATURITIES

Combined aggregate principal maturities of mortgages and notes payable and revolving credit facilities as of December 31, 2000 are as follows:

	TOTAL

2001	\$ 55,711
2002	7,770
2003	33,697
2004	80,157
2005	51,687
Thereafter	231,694

	\$460,716
	=====

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MORTGAGE RECORDING TAX - HYPOTHECATED LOAN

The Operating Partnership mortgage tax credit loans totaled approximately \$134,000 from LBHI at December 31, 1998. These loans were collateralized by the mortgages encumbering the Operating Partnership's interests in 711 Third Avenue. The loans were also collateralized by an equivalent amount of the Company's cash which was held by LBHI and invested in US Treasury securities. Interest earned on the cash collateral was applied by LBHI to service the loans with interest rate commensurate with that of the portfolio of six month US Treasury securities, which matured on May 18, 1999. The Operating Partnership and LBHI each had the right of offset and therefore the loans and the cash collateral were presented on a net basis in the consolidated balance sheet at December 31, 1998. The purpose of these loans was to temporarily preserve mortgage recording tax credits for future potential acquisitions of real property which the Company may make, the financing of which may include property based debt, for which these credits would be applicable and provide a financial savings. These mortgage tax credit loans were fully utilized during 1999.

10. REVOLVING CREDIT FACILITIES

PSCC FACILITY

On December 28, 1999, the Company closed on a \$30,000 credit facility with Prudential Securities Credit Corp. ("PSCC"). The borrowing capacity was \$15,000, of which none was drawn down at December 31, 1999. The PSCC Facility was secured by the Company's preferred equity interest in 1370 Avenue of the Americas and a repurchase mortgage participation interest in the mortgage at 420 Lexington Avenue. On March 30, 2000, PSCC increased the secured PSCC Facility by \$20,000 to \$50,000. No other terms were changed from the original \$30,000 secured PSCC Facility. Interest-only is payable based on the 1-Month LIBOR plus 125 basis points. The PSCC Facility may be prepaid at any time during its term without penalty. The PSCC Facility, which was to mature on December 27, 2000, was extended for one year. At that time, the PSCC Facility was increased to \$60,000.

At December 31, 2000, the Company had \$23,374 outstanding under its PSCC Facility (interest rate of 8.07 percent). The PSCC Facility is secured by the \$51,905 in mortgage loans receivable on 2 GCT.

\$250 MILLION CREDIT FACILITY

On June 27, 2000, the Company repaid in full and terminated the \$140 Million Credit Facility (defined below) and obtained a new unsecured revolving credit facility in the amount of \$250,000 ("\$250 Million Credit Facility") from a group of 9 lender banks. The \$250 Million 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 the Company's leverage ratio. If the Company receives an investment grade rating, the spread over LIBOR will be reduced to 125 basis points. The Company has the ability to upsize this credit facility to \$300,000. At December 31, 2000, \$23,000 was outstanding and carried an interest rate of 8.17 percent. Availability under the \$250 Million

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Credit Facility at December 31, 2000 was further reduced by the issuance of letters of credit in the amount of \$21,000 for acquisition deposits.

The terms of the \$250 Million Credit Facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the minimum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable the Company to continue to qualify as a REIT under the Code, the Company will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 90 percent of funds from operations for such period, subject to certain other adjustments. The \$250 Million Credit Facility also requires a 15 to 25 basis point fee on the unused balance payable quarterly in arrears.

The lending group for the \$250 Million Credit Facility consists of Fleet National Bank, NA, as administrative agent, Citibank/Salomon Smith Barney, Inc, as syndication agent, Deutsche Banc Alex Brown, as documentation agent, Commerzbank Aktiengesellschaft, New York Branch, The Bank of New York, Wells Fargo Bank, N.A., Bank Leumi USA, PNCBank, N.A., and Key Bank, N.A.

\$140 MILLION CREDIT FACILITY

On December 19, 1997, the Company entered into a \$140,000 three year senior unsecured revolving credit facility (the "\$140 Million Credit Facility") due December 2000. Availability under the \$140 Million Credit Facility was limited to an amount less than the \$140,000 which was calculated by several factors including recent acquisition activity and most recent quarterly property performance. Outstanding loans under the \$140 Million Credit Facility bore interest on a graduated rate per annum equal to the LIBOR rate applicable to each interest period plus 120 basis points to 145 basis points per annum. The \$140 Million Credit Facility required the Company to comply with certain covenants, including but not limited to, maintenance of certain financial ratios. At December 31, 1999, the outstanding amount of indebtedness under the \$140 Million Credit Facility was \$83,000 and the interest rate on such indebtedness was 7.82% per annum. Availability under the \$140 Million Credit Facility was reduced further by the issuance of letters of credit in the amount of \$7,500 for acquisition deposits for the year ended December 31, 1999. At December 31, 1999, the Company's borrowing capacity under the \$140 Million Credit Facility was \$49,500.

The \$140 Million Credit Facility was repaid in full and retired in June 2000, in connection with the Company obtaining the new \$250 Million Credit Facility, as described above. The Company recorded a \$430 extraordinary loss, net of the minority interest's share of the loss (\$38) for the early extinguishment of debt related to the write-off of unamortized financing costs associated with the \$140 Million Credit Facility.

ACQUISITION FACILITY

In March 1998, the Company requested the \$140 Million Credit Facility banking group to temporarily relieve the Company from its obligations under the financial covenants of the \$140 Million Credit Facility in order to close an additional financing necessary to acquire the Helmsley Properties (the "Acquisition Facility"). This Acquisition Facility closed on March 18, 1998, financed the Helmsley Properties acquisition, paid-off the outstanding balance on the Company's Credit Facility and provided on-going liquidity for future acquisition and corporate needs. The term of the Acquisition Facility was one

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year. The interest rate was determined by a schedule of the percent of the loan commitment outstanding and the duration of the loan commitment outstanding ranging from 170 basis points to 300 basis points over LIBOR. As a result of the Company's May 1998 Public Equity Offerings, on May 18, 1998, the Company repaid the Acquisition Facility prior to its scheduled maturity date of March 18, 1999. The Company's early extinguishment of the Acquisition Facility results in the write-off of unamortized deferred financing costs totaling approximately \$522 (net of minority interest of \$52) which were classified as an extraordinary loss during the quarter ended June 30, 1998.

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INTEREST RATE PROTECTION AGREEMENTS

In anticipation of financing properties, the Company executed a forward treasury rate lock on September 2, 1998 for \$100,000 of future financing. The underlying rate for that position was 5.13%. On December 3, 1998 this rate lock expired and was not renewed. The negative value of this hedge at expiration was \$3,200. In connection with the hedge, the Company had commitments to complete five permanent mortgage financings totaling \$103,000 on properties located at 70 West 36th Street, 36 West 44th Street, 1414 Avenue of the Americas, 633 Third Avenue and 1412 Broadway. The hedge cost represents a deferred financing cost which will be amortized over the life of these financings, except for \$200 which related to a mismatch in terms resulting in a charge to 1998 earnings.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosures of estimated fair value were determined by management, using available market information and appropriate valuation methodologies. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash equivalents, accounts receivable, mortgage receivables, accounts payable, and mortgage notes payable and revolving credit facilities amounts reasonably approximate their fair values based on discounted cash flow models.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 2000. Although management is not aware of any factors that would significantly affect the reasonable fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

12. RENTAL INCOME

The Operating Partnership is the lessor and the sublessor to tenants under operating leases with expiration dates ranging from 2001 to 2020. The minimum rental amounts due under the leases are generally either subject to scheduled fixed increases or adjustments. The leases generally also require that the tenants reimburse the Company for increases in certain operating costs and real

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estate taxes above their base year costs. Approximate future minimum rents to be received over the next five years and thereafter for non-cancelable operating leases in effect at December 31, 2000 are as follows:

2001	\$ 178,540
2002	170,537
2003	163,047
2004	147,456
2005	135,030
Thereafter	613,304

	\$1,407,914
	=====

13. RELATED PARTY TRANSACTIONS

There are several business relationships with related parties, entities owned by Stephen L. Green or relatives of Stephen L. Green exclusive of the uncombined joint ventures which involve management, leasing, and construction fee revenues, rental income and maintenance expenses in the ordinary course of business. These transactions for the years ended December 31, include the following:

	2000	1999	1998
	-----	-----	-----
Management revenues	\$ 209	\$ 171	\$ 178
Leasing commission revenues	--	107	181
Maintenance expense	4,644	4,707	2,118
Rental revenue	123	--	--

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SL GREEN REALTY CORP.
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	2000	1999
	-----	-----
Amounts due from related parties at December 31, consist of ..		
17 Battery Condominium Association	\$127	\$176
Morgan Stanley Real Estate Funds	464	197
Carlyle Group	12	13
Officers	77	141
SLG 100 Park LLC	121	--
	-----	-----
	\$801	\$527
	=====	=====

14. STOCKHOLDERS' EQUITY

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The authorized capital stock of the Company consists of 200,000,000 shares, \$.01 par value, of which the Company has authorized the issuance of up to 100,000,000 shares of Common Stock, \$.01 par value per share, 75,000,000 shares of Excess Stock, at \$.01 par value per share, and 25,000,000 shares of Preferred Stock, par value \$.01 per share. On August 20, 1997, the Company issued 11,615,000 shares of its Common Stock (including the underwriters' over-allotment option of 1,520,000 shares) through an initial public offering (the "Offering"). Concurrently with the consummation of the Offering, the Company issued 38,095 shares of restricted common stock pursuant to officer stock loans and 85,600 shares of restricted common stock to a financial advisor. In addition, the Company previously issued to its executive officers approximately 553,616 shares, as founders' shares. As of December 31, 2000, no shares of Excess Stock were issued and outstanding.

On May 12, 1998 (the "May 1998 Offering"), the Company completed the sale of 11,500,000 shares of common stock and 4,600,000 shares of 8% Preferred Income Equity Redeemable Shares with a mandatory liquidation preference of \$25.00 per share (the "PIERS"). Gross proceeds from these equity offerings (\$353,000, net of underwriter's discount) were used principally to repay the Acquisition Facility (see Note 10) and acquire additional properties. These offerings resulted in the reduction of continuing investor's interest in the Operating Partnership from 16.2% to 9.2%.

As of December 31, 2000 and 1999, the minority interest unitholders owned 8.6% (2,307,515 units) and 9.1% (2,428,217 units) of the Operating Partnership, respectively.

At December 31, 2000, 10,275,480 shares of common stock were reserved for the conversion of 2,307,515 units, 3,268,965 stock options and 4,699,000 PIERS.

RIGHTS PLAN

On February 16, 2000, the Board of Directors of the Company authorized a dividend distribution of one preferred share purchase right ("Right") for each outstanding share of common stock which was distributed to all holders of record of the common stock on June 30, 2000. Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Series B junior participating preferred stock, par value \$0.01 per share ("Preferred Shares"), at a price of \$60.00 per one one-hundredth of a Preferred Share ("Purchase Price"), subject to adjustment as provided in the rights agreement. The Rights expire on March 5, 2010, unless the expiration date is extended or the Right is redeemed or exchanged earlier by the Company.

The Rights are attached to each share of common stock. The rights are generally exercisable only if a person or group becomes the beneficial owner of 17% or more of the outstanding common stock or announces a tender offer for 17% or more of the outstanding stock ("Acquiring Person"). In the event that a person or group becomes an Acquiring Person, each holder of a Right, excluding the Acquiring Person, will have the right to receive, upon exercise, common stock having a market value equal to two times the Purchase Price of the Preferred Shares.

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STOCK OPTION PLANS

During August 1997, the Company instituted the 1997 Stock Option and Incentive Plan (The "Stock Option Plan"). The Stock Option Plan authorizes (i) the grant of stock options that qualify as incentive stock options under Section 422 of the Code ("ISOs"), (ii) the grant of stock options that do not so qualify ("NQSOs"), (iii) the grant of stock options in lieu of cash Directors' fees and employee bonuses, (iv) grants of shares of Common Stock, in lieu of compensation; and (v) the making of loans to acquire shares of Common Stock, in lieu of compensation. The exercise price of stock options will be determined by the Compensation Committee, but may not be less than 100% of the fair market value of the shares of Common Stock on the date of grant in the case of ISOs; provided that, in the case of grants of NQSOs granted in lieu of cash Director's fees and employee bonuses, the exercise price may not be less than 50% of the fair market value of the shares of Common Stock on the date of grant. At December 31, 2000, approximately 3,268,965 shares of Common Stock were reserved for exercise of warrants and stock options.

Options granted under the 1997 qualified stock option plan are exercisable at the fair market value on the date of grant and, subject to termination of employment, expire ten years from the date of grant, are not transferable other than on death, and are exercisable in three equal annual installments commencing one year from the date of grant (with the exception of 10,000 options which had a vesting period of one year).

The Company applies APB No. 25 and related interpretations in accounting for its plan. Statement of Financial Accounting Standards No. 123 ("FAS 123") was issued by the Financial Accounting Standards Board in 1995 and, if fully adopted, changes the methods for recognition of cost on plans similar to that of the Company. Adoption of FAS 123 is optional, however, pro forma disclosure, as if the Company adopted the cost recognition requirements under FAS 123, are presented below. The Company did not record any compensation expense under APB 25.

A summary of the status of the Company's stock options as of December 31, 2000 and 1999 and changes during the years ended December 31, 2000 and 1999 are presented below:

	OUTSTANDING OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
	-----	-----
Balance at December 31, 1998	1,798,000	\$21.19
Granted	609,000	\$20.59
Exercised	--	--
Lapsed or cancelled	(356,000)	\$22.41
	-----	-----
Balance at December 31, 1999	2,051,000	\$20.80
Granted	626,000	\$24.98
Exercised	(206,035)	\$20.99
Lapsed or cancelled	(29,999)	\$21.58
	-----	-----
Balance at December 31, 2000	2,440,966	\$21.85
	=====	=====
Options exercisable at December 31, 1999	529,364	\$21.06
Options exercisable at December 31, 2000	742,993	\$20.95

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The weighted average exercise price of the 742,993 options exercisable was \$20.95 at December 31, 2000. All options were granted within a price range of \$17.75 to \$27.75. The remaining weighted average contractual life of the options was 8.31 years. The weighted average fair value of options granted during the year was \$2,405 and \$2,300 for the years ended December 31, 2000 and 1999, respectively. The fair value of each share option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for grants in 2000, 1999, and 1998.

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	2000	1999	1998
Dividend yield	5.50%	5.00%	5.00%
Expected life of option	4 years	4 years	4 years
Risk-free interest rate	5.00%	5.00%	5.00%
Expected stock price volatility	25.35%	28.76%	36.95%

The compensation cost under FAS 123 for the stock performance-based plan would have been \$2,455, \$1,600 and \$2,600 in 2000, 1999, and 1998, respectively. Had compensation cost for the Company's grants for stock-based compensation plans been determined consistent with FAS 123, the Company's net income and net income per common share for 2000, 1999, and 1998 would approximate the pro forma amounts below:

	2000	1999	1998
Net income available to common shareholders	\$74,136	\$31,705	\$20,900
Basic earnings per common share	\$3.04	\$1.31	\$1.06
Diluted earnings per common share	\$2.85	\$1.31	\$1.06

The effects of applying FAS 123 in this pro forma disclosure are not indicative of future amounts.

EARNINGS PER SHARE

Earnings per share is computed as follows:

FOR THE YEAR ENDED DECEMBER 31, 2000

	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT

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Basic Earnings:				
Income available to common shareholders	\$	76,591	24,373,000	\$3.14
Effect of Dilutive Securities:				
Redemption of Units to common shares		7,430	2,365,000	
Preferred Stock (if converted to common stock)		9,200	4,698,900	
Stock Options		--	381,000	

Diluted Earnings:				
Income available to common shareholders	\$	93,221	31,817,900	\$2.93

FOR THE YEAR ENDED DECEMBER 31, 1999

		INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT

Basic Earnings:				
Income available to common shareholders	\$	33,258	24,192,000	\$1.37
Effect of Dilutive Securities:				
Redemption of Units to common shares		3,356	2,428,000	
Stock Options		--	60,000	

Diluted Earnings:				
Income available to common shareholders	\$	36,614	26,680,000	\$1.37

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FOR THE YEAR ENDED DECEMBER 31, 1998

		INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT

Basic Earnings:				
Income available to common shareholders	\$	23,482	19,675,000	\$1.19
Effect of Dilutive Securities:				
Redemption of Units to common shares		3,043	2,406,000	
Stock Options		--	64,000	

Diluted Earnings:				
Income available to common				

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shareholders	\$	26,525	22,145,000	\$1.19
--------------	----	--------	------------	--------

The PIERS outstanding in 1999 and 1998 were not included in the 1999 and 1998 computations of earnings per share as they were anti-dilutive during those periods.

PREFERRED STOCK

The Company's 8% PIERS are non-voting and are convertible at any time at the option of the holder into the Company's common stock at a conversion price of \$24.475 per share. The conversion of all PIERS would result in the issuance of 4,699,000 of the Company's common stock which has been reserved for issuance. The PIERS receive annual dividends of \$2.00 per share paid on a quarterly basis and dividends are cumulative. On or after July 15, 2003 the PIERS may be redeemed at the option of the Company at a redemption price of \$25.889 and thereafter at prices declining to the par value of \$25.00 on or after July 15, 2007, with a mandatory redemption on April 15, 2008 at a price of \$25.00 per share. The PIERS were recorded net of underwriters discount and issuance costs. These costs are being accreted over the expected term of the PIERS using the interest method.

15. BENEFIT PLANS

The building employees are covered by multi-employer defined benefit pension plans and post-retirement health and welfare plans. Contributions to these plans amounted to \$825, \$644, and \$366, during the years ended December 31, 2000, 1999 and 1998, respectively. Separate actuarial information regarding such plans is not made available to the contributing employers by the union administrators or trustees, since the plans do not maintain separate records for each reporting unit.

EXECUTIVE STOCK COMPENSATION

During July 1998, the Company issued 150,000 shares in connection with an employment contract. These shares vest annually at rates of 15% to 35% and were recorded at fair value. At December 31, 2000, 45,000 of these shares had vested. The Company recorded compensation expense of approximately \$534 for each of the years ended December 31, 2000 and 1999.

Effective January 1, 1999 the Company implemented a deferred compensation plan (the "Deferred Plan") covering certain executives of the Company. In connection with the Deferred Plan the Company issued 240,000 restricted shares. The shares issued under the Deferred Plan were granted to certain executives and vesting will occur annually upon the Company meeting established financial performance criteria. Annual vesting occurs at rates ranging from 15% to 35% once performance criteria are reached. As of December 31, 2000, 80,320 of these shares had vested. The Company recorded compensation expense of approximately \$880 and \$893 for the years ended December 31, 2000 and 1999, respectively.

DEFERRED COMPENSATION AWARD

Contemporaneous with the closing of 1370 Avenue of the Americas, an award of \$2,833 was granted to several members of management earned in connection with the realization of this investment gain. This award, which will be paid out over a three-year period, is presented as Deferred Compensation Award on the balance sheet.

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SL GREEN REALTY CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2000

(DOLLARS IN THOUSANDS, EXCEPT SQUARE FEET AND PER SHARE DATA)

401(k) PLAN

During August 1997, the Company implemented a 401(k) Savings/Retirement Plan (the "401(k) Plan") to cover eligible employees of the Company and any designated affiliate. The 401(k) Plan permits eligible employees of the Company to defer up to 15% of their annual compensation, subject to certain limitations imposed by the Code. The employees' elective deferrals are immediately vested and non-forfeitable upon contribution to the 401(k) Plan. As of December 31, 1999, the Company had not made any contributions to the 401(k) Plan. During 2000, the Company amended its 401(k) Plan to include a matching contribution, subject to ERISA limitations, equal to 50% of the first 4% of annual compensation deferred by an employee. For the year ended December 31, 2000, the Company made a matching contribution of \$54.

16. COMMITMENTS AND CONTINGENCIES

The Company and the Operating Partnership are not presently involved in any material litigation nor, to their knowledge, is any material litigation threatened against them or their properties, other than routine litigation arising in the ordinary course of business. Management believes the costs, if any, incurred by the Company and the Operating Partnership related to this litigation will not materially affect the financial position, operating results or liquidity of the Company and the Operating Partnership.

The Company has entered into employment agreements with certain executives. Seven executives have employment agreements which expire between October 2001 and January 2007. The cash based compensation associated with these employment agreements totals approximately \$2,075 annually.

During March 1998, the Company acquired an operating sub-leasehold position at 420 Lexington Avenue. The operating sub-leasehold position requires annual ground lease payments totaling \$6,000 and sub-leasehold position payments totaling \$1,100 (excluding an operating sub-lease position purchased January 1999 - see Note 3). The ground lease and sub-leasehold positions expire 2008. The Company may extend the positions through 2029 at no additional cost.

The property located at 1140 Avenue of the Americas operates under a net ground lease (\$348 annually) with a term expiration date of 2016 and with an option to renew for an additional 50 years.

The property located at 711 Third Avenue operates under an operating sub-lease which expires in 2083. Under the sub-lease, the Company is responsible for ground rent payments of \$1,600 annually increasing to \$3,100 in July 2001 for ten years. The ground rent is reset after year ten based on the estimated fair market value of the property.

In April 1988, the SL Green Predecessor entered into a lease agreement for property at 673 First Avenue in New York City, which has been capitalized for financial statement purposes. Land was estimated to be approximately 70% of the fair market value of the property. The portion of the lease attributed to land is classified as an operating lease and the remainder as a capital lease. The initial lease term is 49 years with an option for an additional 26 years. Beginning in lease years 11 and 25, the lessor is entitled to additional rent as defined by the lease agreement.

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The Company continues to lease the 673 First Avenue property which has been classified as a capital lease with a cost basis of \$12,208 and cumulative amortization of \$3,035 and \$2,782 at December 31, 2000 and 1999, respectively. The following is a schedule of future minimum lease payments under capital leases and noncancellable operating leases with initial terms in excess of one year as of December 31, 2000.

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SL GREEN REALTY CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2000

(DOLLARS IN THOUSANDS, EXCEPT SQUARE FEET AND PER SHARE DATA)

DECEMBER 31, -----	CAPITAL LEASES -----	NONCANCELLABLE OPERATING LEASES -----
2001	\$ 1,290	\$ 11,594
2002	1,290	11,982
2003	1,290	11,982
2004	1,290	11,982
2005	1,322	11,982
Thereafter	59,009	320,242
	-----	-----
Total minimum lease payments	65,491	\$379,764 =====
Less amount representing interest	(50,188)	

Present value of net minimum lease payments	\$ 15,303 =====	

17. TECHNOLOGY INVESTMENTS AND ALLIANCES

Through December 31, 2000, the Company had 476,705 warrants from Onsite Access Inc. ("Onsite") in exchange for providing Onsite with access to its portfolio of properties. This arrangement provides certain marketing preferences to Onsite in exchange for which the Company will receive a share in the revenues of the service provider. The Company is also entitled to receive up to an additional 405,648 warrants based on the terms of the Warrant Issuance Agreement. Onsite provides comprehensive communications solutions for small and medium-sized business customers in multi-tenant commercial office buildings. The warrants had an estimated fair value of \$306 at December 31, 1999. This was recorded as Deferred Revenue at December 31, 1999 and will be amortized over the term of the agreement. The warrants are held in an LLC of which the Company owns a 75 percent managing member interest, and the remaining interest is held by certain members of management.

On March 29, 2000, the Company entered into an agreement with Broadband Office, Inc. ("Broadband") to provide telecommunication and internet services to its tenants. In exchange for providing Broadband with access to tenants at some of the Company's properties, the Company received 164,000 shares of common stock with a fair value of \$235 on that date.

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Through December 31, 2000, the Company made a \$1,500 limited partnership investment in Internet Realty Partners, L.P. ("IRP"). The Company is committed to fund an additional \$500. IRP invests in real estate-related internet, technology and e-commerce companies.

On June 6, 2000, the Company entered into a marketing and cooperation agreement with Eureka to provide telecommunication and internet services to its tenants. In exchange for providing Eureka with access to tenants at some of the Company's properties, the Company will receive warrants based on the square footage of property provided. As of December 31, 2000, 58,000 warrants had been received. Such warrants had no value at December 31, 2000.

On August 22, 2000, the Company entered into an agreement with Verticore Communications Ltd. ("Verticore") to participate in the elevator news network program. In exchange for providing Verticore with access to the Company's properties, the Company will receive warrants based on the number of qualifying elevator cabs. As of December 31, 2000, 195,000 warrants had been received by the Company. Such warrants had no value at December 31, 2000. In addition, the Company made a \$750 capital investment in exchange for 150,000 shares of Series 2 Class C Convertible Preferred Stock.

18. ENVIRONMENTAL MATTERS

The management of the Company believes that the properties are in compliance in all material respects with applicable Federal, state and local ordinances and regulations regarding environmental issues. Management is not aware of any environmental liability that management believes would have a materially adverse impact on the Company's financial position, results of operations or cash flows. Management is unaware of any instances in which it would incur significant environmental cost if any of the properties were sold.

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SL GREEN REALTY CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2000

(DOLLARS IN THOUSANDS, EXCEPT SQUARE FEET AND PER SHARE DATA)

19. QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly data for the last two years is presented in the tables below:

2000 QUARTER ENDED -----	DECEMBER 31 -----	SEPTEMBER 30 -----	JUNE 30 -----
Total revenues	\$ 58,195 =====	\$ 60,874 =====	\$ 56,494 =====
Income net of minority interest and before gain on sale and extraordinary item	12,104	12,774	11,028
Gain on sale	16,770	5,624	4,797
Extraordinary item	(491) -----	-- -----	(430) -----
Net income before preferred dividends	28,383	18,398	15,395

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Preferred dividends and accretion	(2,407)	(2,407)	(2,407)
	-----	-----	-----
Income available to common shareholders	\$ 25,976	\$ 15,991	\$ 12,988
	=====	=====	=====
Net income per common share - Basic	\$ 1.07	\$ 0.65	\$ 0.53
Diluted	\$ 0.89	\$ 0.58	\$ 0.49
	=====	=====	=====
1999 QUARTER ENDED	DECEMBER 31	SEPTEMBER 30	JUNE 30
-----	-----	-----	-----
Total revenues	\$ 53,890	\$ 54,652	\$ 50,809
	=====	=====	=====
Income net of minority interest and before extraordinary item	11,345	10,472	11,404
Extraordinary item	(361)	--	(628)
	-----	-----	-----
Net income before preferred dividends	10,984	10,472	10,776
Preferred dividends and accretion	(2,399)	(2,399)	(2,399)
	-----	-----	-----
Income available to common shareholders	\$ 8,585	\$ 8,073	\$ 8,377
	=====	=====	=====
Net income per common share - basic and diluted	\$ 0.35	\$ 0.33	\$ 0.35
	=====	=====	=====

20. SEGMENT INFORMATION

The Company is a REIT engaged in owning, managing, leasing and repositioning class B office properties in Manhattan and has one reportable segment, office real estate. The Company evaluates real estate performance and allocates resources based on net income.

The Company's real estate portfolio is located in one geographical market of Manhattan. The primary sources of revenue are generated from tenant rents and escalations and reimbursement revenue. Real estate property operating expenses primarily consist of security, maintenance, utility costs and ground rent expense (at certain applicable properties) and real estate taxes. The single office real estate business segment meets the quantitative threshold for determining reportable segments. The Company has no tenant with rental revenue greater than 10% of the Company's revenue.

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COLUMN A -----	COLUMN B -----	COLUMN C ----- INITIAL COST		COLUMN D ----- COST CAPITALIZED SUBSEQUENT TO ACQUISITION		GROSS
DESCRIPTION (1) (4) -----	ENCUMBRANCE -----	LAND -----	BUILDING AND IMPROVEMENTS -----	LAND -----	BUILDING AND IMPROVEMENTS -----	
70 West 36th St. (2)	--	\$1,517	\$7,700	\$13	\$7,997	
1414 Avenue of the Americas (2)	--	2,948	6,790	60	2,901	
673 First Avenue	\$11,992	--	43,618	--	1,056	
470 Park Avenue South	9,771	3,750	30,718	1	2,126	
1372 Broadway	--	10,478	41,912	67	6,977	
1140 Avenue of the Americas	--	--	21,035	--	3,345	
50 West 23rd Street	21,000	7,217	28,866	43	2,318	
17 Battery Place North	--	7,237	29,080	20	5,802	
110 East 42nd Street	--	6,000	24,070	26	3,209	
1466 Broadway	--	11,643	53,608	--	3,100	
420 Lexington Ave	125,000	--	83,272	--	58,419	
440 Ninth Avenue	--	6,326	25,172	--	7,926	
711 Third Avenue	49,172	19,843	40,342	--	13,688	
1412 Broadway	52,000	16,221	64,886	3	2,473	
555 West 57th Street	69,606	18,845	83,353	--	5,770	
286 Madison Avenue (3)	--	2,474	9,887	--	1,982	
290 Madison Avenue (3)	--	1,576	6,305	--	811	
292 Madison Avenue (3)	--	5,949	23,798	--	2,621	
875 Bridgeport Ave. Shelton, CT	14,901	3,315	13,305	--	--	
	-----	-----	-----	-----	-----	-----
	\$353,442	\$125,339	\$637,717	\$ 233	\$132,521	\$1
	=====	=====	=====	=====	=====	=====

COLUMN A -----	COLUMN F -----	COLUMN G -----	COLUMN H -----	COLUMN I -----
DESCRIPTION (1) (4) -----	ACCUMULATED DEPRECIATION -----	DATE OF CONSTRUCTION -----	DATE ACQUIRED -----	LIFE ON WHICH DEPRECIATION IS COMPUTED -----
70 West 36th St. (2)	\$7,954		12/19/84	Various
1414 Avenue of the Americas (2)	1,155		6/18/96	Various
673 First Avenue	13,116		8/20/97	Various
470 Park Avenue South	10,914		8/20/97	Various
1372 Broadway	4,444		8/20/97	Various
1140 Avenue of the Americas	1,746		8/20/97	Various
50 West 23rd Street	2,692		8/20/97	Various
17 Battery Place North	2,730		12/19/97	Various
110 East 42nd Street	2,612		9/15/97	Various
1466 Broadway	4,196		3/18/98	Various
420 Lexington Ave	10,225		3/18/98	Various
440 Ninth Avenue	2,209		6/1/98	Various
711 Third Avenue	3,719		5/20/98	Various

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1412 Broadway	4,316	8/14/98	Various
555 West 57th Street	4,458	1/1/99	Various
286 Madison Avenue (3)	453	5/24/99	Various
290 Madison Avenue (3)	295	5/24/99	Various
292 Madison Avenue (3)	1,033	5/24/99	Various
875 Bridgeport Ave. Shelton, CT	165	6/20/00	Various

	\$78,432		
	=====		

-
- (1) All properties located in New York, New York, except for 875 Bridgeport Avenue, Shelton, CT
 - (2) Mortgage loan totaling \$26,200 encumbers 1414 Avenue of Americas, and 70 West 36th Street
 - (3) Mortgage loan totaling \$26,950 encumbers 286 Madison Avenue, 290 Madison Avenue and 292 Madison Avenue
 - (4) Excludes properties held for sale with gross cost of \$10,697 encumbrances of \$7,750 and accumulated depreciation of \$578.

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SL GREEN REALTY CORP.
SCHEDULE III-REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2000

(DOLLARS IN THOUSANDS)

The changes in real estate for the three years ended December 31, 2000, are as follows:

	2000	1999	1998
	-----	-----	-----
Balance at beginning of year	\$ 908,866	\$ 697,061	\$ 338,818
Property Acquisitions	16,620	152,187	339,072
Improvements	38,855	86,598	19,171
Retirements/disposals	(68,531)	(26,980)	--
	-----	-----	-----
Balance at end of year	\$ 895,810	\$ 908,866	\$ 697,061
	=====	=====	=====

The aggregate cost of land, buildings and improvements for Federal income tax purposes at December 31, 2000 was approximately \$847,617.

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, and furniture and fixtures, for the three years ended December 31, 2000, are as follows:

	2000	1999	1998
	-----	-----	-----
Balance at beginning of year	\$ 56,983	\$ 37,317	\$ 23,800

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Depreciation for year	24,620	22,110	13,517
Retirements/disposals	(3,171)	(2,444)	--
	-----	-----	-----
Balance at end of year	\$ 78,432	\$ 56,983	\$ 37,317
	=====	=====	=====

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information set forth under the captions "Election of Directors" and "Principal and Management Stockholders -- Compliance with Section 16(a) of the Securities Exchange Act of 1934" in the Company's definitive Proxy Statement for its 2001 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A under the Securities and Exchange Act of 1934, as amended, prior to April 30, 2000 (the "2001 Proxy Statement"), is incorporated herein by reference.

ITEM 11. EXECUTIVE AND DIRECTOR COMPENSATION

The information set forth under the captions "Election of Directors -- Director Compensation" and "Executive Compensation" in the 2001 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 2001 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information set forth under the caption "Principal and Management Stockholders" in the 2001 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULE, AND REPORTS ON FORM 8-K

(a) (1) Consolidated Financial Statements

SL GREEN REALTY CORP

Report of Independent Auditors.....	
Consolidated Balance Sheets as of December 31, 2000 and 1999.....	
Consolidated Statements of Income for the years ended December 31, 2000, 1999 and 1998.....	
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2000, 1999 and 1998.....	
Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998.....	
Notes to Consolidated Financial Statements	

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(a) (2) Financial Statement Schedule

Schedule III - Real Estate and Accumulated Depreciation as of December 31, 2000.....

Schedules other than those listed are omitted as they are not applicable or the required or equivalent information has been included in the financial statements or notes thereto.

INDEX TO EXHIBITS

(a)

EXHIBITS PAGE

- 2.1 Form of Purchase and Sale Agreement between The Prudential Insurance Company of America, as Seller, and SL Green 100 Park LLC, as Buyer***
2.2 Form of Second Amended and Restated Operating Agreement of SLG 100 Park LLC between The Prudential Insurance Company of America and SL Green 100 Park LLC***
2.3 Form of Agreement of Spreader, Consolidation and Modification of Mortgage by SLG 100 Park LLC, as Borrower to The Prudential Insurance Company of America, as Lender***
2.4 Form of Amended, Restated and Consolidated Mortgage Note by SLG 100 Park LLC, as Borrower, to The Prudential Insurance Company of America, as Lender***
3.1 Articles of Incorporation of the Company*
3.2 Bylaws of the Company*
4.0 Rights Agreement, dated as of March 6, 2000, between SL Green Realty Corp. and American Stock Transfer & Trust Company which includes as Exhibit B thereto, the Form of Rights Certificates****
4.1 Specimen Share Certificate*
10.1 Form of Agreement of Limited Partnership of the Operating Partnership*
10.2 Form of Articles of Incorporation and Bylaws of the Management Corporation*
10.3 Form of Employment and Noncompetition Agreement among the Executive Officers and the Company*
10.4 Employment and Noncompetition Agreement between David J. Nettina and the Company*
10.5 Form of Registration Rights Agreement between the Company and the persons named therein*
10.6 Amended 1997 Stock Option and Incentive Plan**
10.7 Form of June 27, 2000 Revolving Credit and Guaranty Agreement*****
10.8 Form of Purchase and Sale Agreement between ARE One Park Avenue LLC, One Park Avenue Fee LLC, One Park Avenue SPE Inc. and One Park Avenue Manager LLC, as Sellers, and SL Green Diamond LLC, as buyer*****
21.1 Subsidiaries of the Registrant
23.1 Consent of Ernst & Young LLP

* Incorporated by reference to the Company's Registration Statement on Form S-11 (333-29329) declared effective by the Commission on August 14, 1997.
** Incorporated by reference to the Company's Registration Statement on Form S-11 (333-50309) declared effective by the Commission on May 12, 1998.

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- *** Incorporated by reference to the Company's Form 8-K dated February 18, 2000, filed with the Commission on March 3, 2000
- **** Incorporated by reference to the Company's Form 8-K dated February 16, 2000, filed with the Commission on March 16, 2000
- ***** Incorporated by reference to the Company's Form 8-K dated June 27, 2000, filed with the Commission on July 12, 2000
- ***** Incorporated by reference to the Company's Form 8-K dated September 29, 2000, filed with the Commission on October 4, 2000.

(b) Reports on Form 8-K

The following reports on Form 8-K were filed during the quarter ended December 31, 2000:

1. Form 8-K dated October 4, 2000, Items 5 and 7
2. Form 8-K dated October 25, 2000, Items 7 and 9

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SL GREEN REALTY CORP.

Dated: March 16, 2001

By: /s/ THOMAS E. WIRTH

Thomas E. Wirth
Chief Financial Officer

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of SL Green Realty Corp. hereby severally constitute Stephen L. Green, and Thomas E. Wirth, and each of them singly, our true and lawful attorneys and with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Annual Report on Form 10-K filed herewith and any and all amendments to said Annual Report on Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable SL Green Realty Corp. to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Annual Report on Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signatures -----	Title -----	Date ----
/s/ Stephen L. Green* -----	Chairman of the Board of Directors	March 16, 2001

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Stephen L. Green	Chief Executive Officer	
/s/ David J. Nettina* ----- David J. Nettina	President and Chief Operating Officer (Principal Executive Officer)	March 16, 2001
/s/ Thomas E. Wirth* ----- Thomas E. Wirth	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 16, 2001
/s/ Benjamin P. Feldman* ----- Benjamin P. Feldman	Director	March 16, 2001
/s/ John H. Alschuler, Jr* ----- John H. Alschuler, Jr.	Director	March 16, 2001
/s/ Edwin Thomas Burton, III* ----- Edwin Thomas Burton, III	Director	March 16, 2001
/s/ John S. Levy* ----- John S. Levy	Director	March 16, 2001

*By Power of Attorney