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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1999

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	13-3956775
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER 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)

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 X No .

The number of shares outstanding of the registrant's common stock, $0.01 par value was 24,203,633 at November 12, 1999.

SL GREEN REALTY CORP.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	September 30, 1999	December 31, 1998
	(Unaudited)	(Note 1)
ASSETS		
Commercial real estate properties, at cost:		
Land and land interests	$ 137,144	$ 112,123
Buildings and improvements	618,886	488,914
Building leasehold	126,974	83,816
Property under capital lease	12,208	12,208
	895,212	697,061
Less accumulated depreciation	(53,335)	(37,355)
	841,877	659,706
Cash and cash equivalents	8,409	6,236
Restricted cash	27,931	18,635
Tenant receivables net of allowance of $867 and $374 in 1999 and 1998, respectively	8,386	3,951
Related party receivables	728	182
Deferred rents receivable net of provision for doubtful accounts of $4,625 and $2,369 in 1999 and 1998, respectively	33,821	20,891
Investment in and advances to Service Corporations	4,886	10,694
Mortgage loans receivable and preferred investment	40,901	26,401
Investments in unconsolidated joint ventures	22,534	--
Deferred costs, net	26,978	15,282
Other assets	13,790	15,755
Total assets	$ 1,030,241	$ 777,733

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

SL Green Realty Corp.
Condensed Consolidated Balance Sheets
(Dollars in Thousands, except per share data)

	September 30, 1999 (Unaudited)	December 31, 1998 (Note 1)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgage notes payable	$ 337,190	$ 50,862
Revolving credit facility	61,000	23,800
Secured bridge facilities	---	87,500
Accrued interest payable	2,341	494
Accounts payable and accrued expenses	12,094	5,588
Capitalized lease obligation	14,946	14,741
Deferred land lease payable	11,170	9,947
Dividend and distributions payable	11,672	11,585
Security deposits	18,481	16,949
Total liabilities	468,894	221,466
Minority interests	45,558	41,491
8% Preferred Income Equity Redeemable Stock $0.01 par value, $25.00 mandatory liquidation preference, 25,000 shares authorized, 4,600 issued and outstanding in 1999 and 1998	110,248	109,950
Commitments, contingencies and other matters		
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value 100,000 shares authorized, 24,204 and 23,952 issued and outstanding in 1999 and 1998, respectively	242	240
Additional paid-in capital	422,377	416,939
Officers' loans	(378)	(528)
Deferred compensation plans	(7,410)	(3,266)
Distributions in excess of earnings	(9,290)	(8,559)
Total stockholders' equity	405,541	404,826
Total liabilities and stockholders' equity	$ 1,030,241	$ 777,733

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

SL Green Realty Corp.
Condensed Consolidated Statements of Operations
(Unaudited)
(Dollars in Thousands, except per share data)

	THREE MONTHS ENDED September 30, 1999	THREE MONTHS ENDED September 30, 1998	NINE MONTHS ENDED September 30, 1999	NINE MONTHS ENDED September 30, 1998
REVENUES				
Rental revenue, net	$ 45,080	$ 33,600	$ 129,267	$ 81,354
Escalation and reimbursement revenues	6,856	5,281	16,473	11,432
Signage Rent	559	--	1,112	--
Investment income	1,469	851	3,731	2,419
Other income	688	18	1,545	20
Total revenues	54,652	39,750	152,128	95,225
Equity in income (loss) from Service Corporations	223	(22)	551	(70)
Equity in income of unconsolidated Joint Ventures	151	--	151	--
EXPENSES				
Operating expenses (see Note 10 for affiliate transactions)	14,293	11,049	36,778	24,585
Ground rent	3,183	3,428	9,572	8,152
Interest	7,772	2,419	19,722	9,790
Depreciation and amortization	7,677	4,069	19,705	10,714
Real estate taxes	7,481	6,134	21,904	14,888
Marketing, general and administrative	2,979	1,571	8,387	3,954
Total expenses	43,385	28,670	116,068	72,083
Income before minority interest-preferred stock dividends and accretion and extraordinary items	11,641	11,058	36,762	23,072
Minority interests	(1,169)	(802)	(4,262)	(2,354)
Income before extraordinary items and preferred stock dividends and accretion	10,472	10,256	32,500	20,718
EXTRAORDINARY ITEMS:				
Loss on early extinguishment of debt, net of minority interest of ($57) and ($52) in 1999 and 1998, respectively	--	--	(628)	(522)
Net income	10,472	10,256	31,872	20,196
Preferred stock dividends	(2,300)	(2,300)	(6,900)	(3,420)
Preferred stock accretion	(99)	(133)	(298)	(204)
Net income available to common shareholders	$ 8,073	$ 7,823	$ 24,674	$ 16,572

The accompanying notes are an integral part of these financial statements

SL Green Realty Corp.
Condensed Consolidated Statements of Operations -- Continued
(Unaudited)
(Dollars in Thousands, except per share data)

	THREE MONTHS ENDED September 30, 1999	THREE MONTHS ENDED September 30, 1998	NINE MONTHS ENDED September 30, 1999	NINE MONTHS ENDED September 30, 1998
PER SHARE DATA (BASIC AND DILUTED):				
Income per share before extraordinary item	$ 0.33	$ 0.33	$ 1.05	$ 0.94
Extraordinary item per share	--	--	(0.03)	(0.03)
Net income available per common share	$ 0.33	$ 0.33	$ 1.02	$ 0.91
Basic weighted average common shares outstanding	24,200	23,922	24,195	18,233
Diluted weighted average common shares and common share equivalents outstanding	24,278	23,928	24,258	18,295
Dividends declared per common share	$ 0.35	$ 0.35	$ 1.05	$ 1.05

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

SL Green Realty Corp.
Condensed Consolidated Statement of Stockholders' Equity
(Dollars in Thousands)

	Common Stock	Addition Paid-in Capital	Officers' Loans	Deferred Compensation Plan	Distributions in Excess of Earnings	Total
Balance at December 31, 1998	$ 240	$ 416,939	$ (528)	$ (3,266)	$ (8,559)	$ 404,826
Net income	--	--	--	--	31,872	31,872
Preferred dividend and accretion requirement	--	--	--	--	(7,198)	(7,198)
Cash distributions declared ($1.05 per common share)	--	--	--	--	(25,405)	(25,405)
Issuance of common stock	--	249	--	--	--	249
Deferred compensation plan	2	5,189	--	(5,191)	--	--
Amortization of deferred compensation plan and officers' loans	--	--	150	1,047	--	1,197
Balance at September 30, 1999 (unaudited)	$ 242	$ 422,377	$ (378)	$ (7,410)	$ (9,290)	$ 405,541

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

SL Green Realty Corp.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in Thousands)

	NINE MONTHS ENDED September 30, 1999	NINE MONTHS ENDED September 30, 1998
OPERATING ACTIVITIES:		
Net income	$ 31,872	$ 20,196
Adjustments: To reconcile net income to net cash provided by operating activities:		
Minority interests	4,262	2,302
Depreciation and amortization	19,705	10,714
Equity in net income of unconsolidated joint ventures	(151)	--
Equity in net (income) loss from Service Corporations	(551)	70
Deferred rents receivable	(15,642)	(8,309)
Provision for deferred rents and bad debts	2,983	1,685
Extraordinary loss	628	574
Amortization of officers' loans and deferred compensation	1,197	83
Changes in operating assets and liabilities:		
Restricted cash	(2,991)	(7,024)
Tenant receivables	(4,958)	(3,794)
Related party receivables	(546)	753
Deferred costs	(10,371)	(4,397)
Other assets	3,374	(3,263)
Accounts payable and accrued expenses	5,024	7,876
Deferred land lease payable	1,223	876
Net cash provided by operating activities	35,058	18,342
INVESTING ACTIVITIES:		
Additions to land, buildings and improvements and building leasehold	(178,705)	(349,419)
Investment in unconsolidated joint ventures	(17,604)	--
Advances from (to) Service Corporations	6,359	(6,159)
Mortgage loan receivable, net	(14,500)	(10,901)
Net cash used in investing activities	(204,450)	(366,479)
FINANCING ACTIVITIES:		
Repayments of mortgage notes payable	(7,647)	(1,451)
Proceeds from mortgage notes payable	269,775	--
Net proceeds from sale of common shares	--	242,948
Net proceeds from sale of 8% preferred shares	--	110,400
Repayment of revolving credit facility	(79,300)	(106,000)
Proceeds from revolving credit facility	116,500	112,000
Repayments on secured bridge facilities	(87,500)	--
Proceeds from acquisition facility	--	239,960
Repayment of acquisition facility	--	(239,960)
Deferred loan costs	(5,700)	(1,194)
Cash dividends and distributions paid	(34,768)	(20,558)
Capitalized lease obligation	205	186
Net cash provided by financing activities	171,565	336,331
Net increase (decrease) in cash and cash equivalents	2,173	(11,806)
Cash and cash equivalents at beginning of period	6,236	12,782
Cash and cash equivalents at end of period	$ 8,409	$ 976
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest:	$ 17,875	$ 9,961
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Assumption of mortgage note payable in connection with joint venture acquisition	$ 45,000	
Acquired Assets	$ 7,714	
Assumed Liabilities	$ 4,861	
Issuance of common shares as deferred officer compensation	$ 5,438	
Contribution of property to joint venture	$ 25,501	
Mortgage note payable assumed by joint venture	$ 20,800	
Land acquired for units		$ 1,000

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

SL GREEN REALTY CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(DOLLARS IN THOUSANDS)
SEPTEMBER 30, 1999

1. ORGANIZATION AND BASIS OF PRESENTATION

SL Green Realty Corp. (the "Company"), a Maryland corporation, and SL Green Operating Partnership, L.P., (the "Operating 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 Corporations"). The Company qualifies as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended; 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 conducted through, the Operating Partnership, a Delaware limited partnership. The Company is the sole managing general partner of the Operating Partnership. Continuing investors hold, in the aggregate, a 9.1% limited partnership interest in the Operating Partnership.

BASIS OF QUARTERLY PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. The 1999 operating results for the periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 1999. These financial statements should be read in conjunction with the financial statements and accompanying notes included in the Company's annual report on Form 10-K for the year ended December 31, 1998.

The balance sheet at December 31, 1998 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned or majority-owned. Joint venture entities where the Company does not control are not consolidated into the company's financial statements. All significant intercompany balances and transactions have been eliminated.

SERVICE CORPORATIONS

In order to maintain the Company's qualification as a REIT while realizing income from management, leasing and construction contracts from third parties, all of the management operations with respect to properties in which the Company does not own a 100% interest are conducted through three unconsolidated companies, the Service Corporations. The Company, through the Operating Partnership, owns 100% of the non-voting common stock (representing 95% of the total equity) of the Service Corporations. Through dividends on its equity interest, the Operating Partnership receives substantially all of the cash flow (if any) from the Service Corporations' operations. All of the voting common stock of the Service Corporations (representing 5% of the total equity) is held by an SL Green affiliate. This controlling interest gives the SL Green affiliate the power to elect all directors of the Service Corporations. The Company accounts for its investment in the Service Corporations on the equity basis of accounting because it has significant influence with respect to management and operations.

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

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 their 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 (95% of taxable income) to avoid any federal income or excise tax at the partner 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. Pursuant to the terms of the Operating Partnership Agreement, the Units issued to the Company's management and continuing investors at the IPO could not, until August 20, 1999 (two years from the IPO date), transfer any of their rights or redeem their Units as a limited partner without the consent of the Company. Under the Operating Partnership Agreement, the Company is prohibited from selling 673 First Avenue and 470 Park Avenue South through August 2009.

UNCONSOLIDATED JOINT VENTURES

For the entities accounted for on the equity method, the Company records its investments at cost and adjusts the investment accounts for its share of the entities' income or loss and for cash distributions and contributions.

EXTRAORDINARY ITEMS

As a result of the Company's April 1999 refinancing activities (see note 6), the Company repaid the secured bridge facilities prior to the scheduled maturity dates. The Company's early extinguishment of the secured bridge facilities resulted in the write-off of unamortized deferred financing costs totaling approximately $685 which were classified as an extraordinary loss during the quarter ended June 30, 1999.

As a result of the Company's May 1998 equity offerings, on May 18, 1998 the Company repaid the acquisition facility prior to its scheduled maturity date on March 18, 1999. The Company's early extinguishment of the acquisition facility resulted in the write-off of unamortized deferred financing costs totaling approximately $574 which were classified as an extraordinary loss during the quarter ended June 30, 1998.

RECENTLY ISSUED PRONOUNCEMENTS

In June 1998, the FASB issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, which was required to be adopted in years beginning after June 15, 1999. The FASB issued Statement No. 137 which extended the effective date of this statement to June 15, 2000 (January 1, 2001 for the Company). The Statement will require 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 does not anticipate that the adoption of this Statement will have a significant effect on its results of operations or financial position.

RECLASSIFICATION

Certain 1998 balances have been reclassified to conform with the 1999 presentation.

(DOLLARS IN THOUSANDS)

3. PROPERTY ACQUISITIONS

During May 1999, the Company acquired four Manhattan properties located at 90 Broad Street, 286, 290 and 292 Madison Avenue (the "Tower Properties") for $84.5 million. 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 Street into a joint venture arrangement (see note 5).

During January 1999, the Company purchased a sub-leasehold interest in 420 Lexington Avenue for $27.3 million. The sub-leasehold expires on December 30, 2008 with one 21-year renewal term expiring on December 30, 2029.

During January 1999, the Company acquired a 65% controlling interest in 555 West 57th Street (the "BMW Building") for approximately $66.7 million (including 65% interest in the previously existing third-party mortgage debt totaling $45 million). The 941,000 square foot property was approximately 100% leased as of the acquisition date. The assets, liabilities and operating results of the property are included in the consolidated financial statements (see note 12).

The following table summarizes, on an unaudited pro forma basis, the combined results of operations of the Company for the nine months ended September 30, 1999 and 1998 as though each acquisition since January 1, 1998 and the May 1998 public offerings were completed at January 1, 1998.

	1999	1998
Total revenues	$155,770	$139,500
Pro forma income before extraordinary items	$ 25,096	$ 21,773
Pro forma net income	$ 24,468	$ 21,251
Pro forma earnings per share (basic and diluted)	$ 1.01	$ 0.89

4. MORTGAGE LOANS RECEIVABLE AND PREFERRED INVESTMENT

During April 1999, the Company originated and funded a $20 million 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%, has been extended for an additional three months with an expected yield of 17%. Goldman Sachs Mortgage Company purchased a 50% participation in the investment.

During May 1999, the Company acquired a $20 million preferred equity interest in a venture holding the loan secured by fee title of 1370 Avenue of the Americas located in Manhattan. The venture is 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 has the right to obtain fee title to the property after a prescribed period of time. The Company has also been reappointed manager of the property. The investment entitles the Company to receive an initial yield of 12% preferentially on a current basis. In addition to receiving its preferred return, the Company may participate in the value it creates 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 may obtain 100% of the venture through exercise of a right of first offer.

5. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

During August 1999, the Company entered into a joint venture agreement with Carlyle Realty to purchase 1250 Broadway located in Manhattan for $93 million. 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. The acquisition was partially financed with a floating rate mortgage totaling $64.7 million maturing in 3 years. This facility has the ability to be increased to $69.7 million as funding of capital requirements is needed. The interest rate is 300 basis points over 30-day LIBOR.

(DOLLARS IN THOUSANDS)

During July 1999, the Company entered into a joint venture agreement with Morgan Stanley Real Estate Fund III, L.P. to own 90 Broad Street located in Manhattan. The property was contributed to the venture by the Company and the Company retained a 35% interest in the venture. At the time of the contribution the property was valued at $34.6 million which approximated the Company's cost basis in the asset. In addition, the venture assumed the existing $20.8 million first mortgage that was collateralized by the property. The Company will continue to provide management, leasing and construction services at the property on a fee basis.

The condensed statement of operations for the unconsolidated joint ventures is as follows:

	THREE MONTHS ENDED SEPTEMBER 30, 1999
	(unaudited)
Total Revenues	$2,906
Operating expense	933
Real estate taxes	410
Interest	770
Depreciation and amortization	456
Total Expenses	$2,569
Net income before outside partners' interest	337
Outside partners' share of income	(186)
Net income allocate to the Company	$ 151

6. MORTGAGE NOTES PAYABLE AND SECURED BRIDGE FACILITIES

During April 1999, the Company closed on fixed-rate mortgage financings totaling $102.8 million with maturities of 7 years ($50.8 million secured by 1414 Avenue of the Americas, 633 Third Avenue and 70 West 36th Street) and 10 years ($52 million secured by 1412 Broadway). The weighted average interest rate on these financings is 7.78%. These mortgages replaced $87.5 million in secured floating-rate bridge financings and provided approximately $13 million in additional liquidity that was used to reduce the amount outstanding under the Company's revolving credit facility.

During May 1999, the Company closed on loans totaling $117.7 million. The first loan of $65 million is secured by the Company's interest in 420 Lexington Avenue. The term of this loan is two years and bears interest at a rate of 275 basis points over the 30-day LIBOR rate (7.69% at September 30, 1999). The second loan was a $52.7 million one-year floating rate facility, secured by the Tower properties and bears interest at a rate of 150 basis points over the 30-day LIBOR rate (6.43% at September 30, 1999).

During September 1999, the Company closed a $49.2 million fixed rate financing secured by the property located at 711 Third Avenue. This mortgage matures in 5 years and carries a fixed interest rate of 8.13%. The proceeds were used to repay a $5.0 million existing financing on the property with the balance used to reduce the amount outstanding under the Company's revolving credit facility.

7. INCOME TAXES

The Company is taxed as a REIT under Section 856 through Section 860 of the Internal Revenue Code of 1986, as amended. As a REIT, the Company is generally not subject to Federal Income Tax. The preferred stock subsidiaries are C-Corporations and may be subject to federal, state and local income taxes.

8. NET INCOME PER COMMON SHARE

Basic net income per common share is computed using the weighted average number of common shares outstanding during the period. To arrive at the diluted net income per common share, the common stock equivalents, representing options computed in accordance with the treasury stock method, resulted in increasing the number of shares outstanding.

9. 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 the routine litigation will not materially affect the financial position, operating results or liquidity of the Company and the Operating Partnership.

10. RELATED PARTY TRANSACTIONS

There are business relationships with related parties which involve maintenance expenses in the ordinary course of business. The Company's transactions with the related parties amounted to $956 and $2,591 for the three and nine month periods ended September 30, 1999. The Company's transactions with the related parties amounted to $781 and $1,277 for the three and nine month periods ended September 30, 1998.

11. SEGMENT INFORMATION

The Company is a REIT engaged in owning, managing, leasing and repositioning class B office properties in Manhattan, New York 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 consist primarily of security, maintenance, utility costs, real estate taxes and ground rent expense (at certain applicable properties). The single office real estate business segment meets the quantitative threshold for determining reportable segments. Additionally, the Company has no tenant with rental revenue greater than 4% of the Company's annual revenues.

12. SUBSEQUENT EVENTS

On November 5, 1999 the Company acquired the remaining 35% interest in the BMW Building for $34.1 million. Simultaneous with this closing, the Company obtained a new $70 million 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. 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.

ITEM 2. 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.

The following discussion related to the consolidated financial statements of the Company should be read in conjunction with the financial statements appearing elsewhere in this report, the financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 1998 and the financial statements included in the Company's report on Form 10-Q for the quarterly periods ended March 31, 1999 and June 30, 1999.

FINANCIAL CONDITION

Commercial real estate properties before accumulated depreciation increased approximately $198.1 million from December 31, 1998 to September 30, 1999 primarily as a result of the acquisition of a controlling interest in 555 West 57th Street for $79.5 million (including minority interest of $12.8 million) (the "BMW Building"), an operating leasehold position at 420 Lexington Avenue purchased for $27.3 million, the properties purchased in May 1999 located at, 286, 290 and 292 Madison Avenue for $50.0 million and $41.3 million from property redevelopment, including tenant improvements. These acquisitions were funded primarily through the Company's revolving credit facility (the "Credit Facility") and mortgage note financings.

Total liabilities increased $247.4 million to $468.9 million at September 30, 1999 compared to $221.5 million at December 31, 1998 primarily due to (i) $286.3 million increase in mortgage notes payable from the mortgage at the BMW Building ($44 million), the net mortgage notes to finance the Tower Properties ($27.0 million), the secured debt financing at 420 Lexington Avenue ($65 million), the secured debt financing at 711 Third Avenue ($49.2 million) and $102.8 million in additional secured mortgage debt with these increases partially offset by principal amortization on various mortgage notes, (ii) a $37.2 million increase in the revolving credit facility and (iii) a $11.4 million increase in other liabilities. These increases were partially offset by the $87.5 million decrease in secured bridge facilities that were refinanced with secured mortgage note proceeds.

RESULTS OF OPERATIONS

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 1999 TO THE NINE MONTHS ENDED SEPTEMBER 30, 1998. The following transactions have occurred that have a material impact on the comparison of the 1999 and 1998 results: (i) the results of 420 Lexington Avenue, 1466 Broadway and 321 West 44th Street (acquired March 1998), 711 Third Avenue (acquired May 1998), 440 Ninth Avenue (acquired June 1998) and 1412 Broadway (acquired August 1998) (the "1998 Acquisitions") which are included in the 1999 results and were not included, or included for only a portion of, the 1998 results and (ii) the results of 555 West 57th Street, and an acquired operating lease position at 420 Lexington Avenue (both acquired January 1999), 90 Broad Street, acquired May 1999 and subsequently contributed to a joint venture in July 1999 in which the Company retained a 35% interest, the properties located at 286, 290 and 292 Madison Avenue (all acquired May 1999) and the Company's 49.9% interest in the 1250 Broadway joint venture (the "1999 Acquisitions") which are included for a portion of 1999 and are not included in the 1998 results. For purposes of this discussion, the Company defines "Same Store" as the results of properties owned at January 1, 1998.

Rental revenue for the nine months ended September 30, 1999 totaled $129.3 million representing an increase of $47.9 million compared to $81.4 million for the nine months ended September 30, 1998. The increase is primarily attributable to the revenue associated with the following: (i) the normalization of the 1998 Acquisitions which increased rental revenue by $20.2 million, (ii) 1998 and 1999 leasing activity in the 1998 acquisitions ($7.3 million), (iii) the 1999 Acquisitions which increased rental revenue by $17.8 million and (iv) increased rental revenue from the Same Store portfolio due to increased annualized rent from rollover ($1.2 million) and increased occupancy ($1.4 million).

Signage rent for the nine months ended September 30, 1999 totaled $1.1 million which represents income from temporary outdoor signs placed at portfolio properties. There was no corresponding income during 1998.

Escalation and reimbursement revenue for the nine months ended September 30, 1999 totaled $16.5 million representing an increase of $5.1 million compared to $11.4 million for the nine months ended September 30, 1998. The increase is primarily attributable to the revenue associated with the 1998 Acquisitions which increased revenue by $2.8 million, and the 1999 Acquisitions which increased revenue by $2.4 million. The increases were partially offset by a $0.1 million reduction in escalation and reimbursement revenue at the Same Store properties.

Investment income for the nine months ended September 30, 1999 totaled $3.7 million, representing an increase of $1.3 million compared to $2.4 million for the nine months ended September 30, 1998. The increase is primarily attributable to the 636 11th Avenue mortgage ($0.5 million), the second mortgage at 521 Fifth Avenue ($0.9 million) and the preferred equity interest at 1370 Avenue of the Americas ($0.9 million). These investments were partially offset by a reduction in interest income from the May 1999 repayment of the mortgage note at 17 Battery Place and reduced income earned on higher levels of cash on hand in 1998 from the excess proceeds received from the May 1998 public offering.

Equity in income (loss) from Service Corporations for the nine months ended September 30, 1999 contributed $0.6 million compared to a small loss for the nine months ended September 30, 1998. The income generated from the Service Corporations is primarily due to increased tenant-rep leasing activity and management fees from the 1999 joint venture properties.

Equity in income from joint ventures for the nine months ended September 30, 1999 contributed $0.2 million. This income resulted from the joint ventures in 90 Broad Street and 1250 Broadway, both of which commenced in the third quarter of 1999.

Operating expenses for the nine months ended September 30, 1999 totaled $36.8 million representing an increase of $12.2 million compared to $24.6 million for the nine months ended September 30, 1998. The increase was primarily attributable to: (i) the normalization of the 1998 Acquisitions which increased operating expenses by $5.0 million, the 1999 Acquisitions which increased operating expenses by $6.5 million, and an increase in Same Store operating expenses of $0.7 million.

Ground rent for the nine months ended September 30, 1999 totaled $9.6 million representing an increase of $1.4 million compared to $8.2 million for the nine months ended September 30, 1998. The increase is attributable to the normalization of the ground leases at 420 Lexington Avenue ($0.7 million) and 711 Third Avenue ($0.7 million).

Interest expense for the nine months ended September 30, 1999 totaled $19.7 million representing an increase of $9.9 million compared to $9.8 million for the nine months ended September 30, 1998. The increase is primarily attributable to (i) the debt assumed in connection with the acquisition of the BMW Building ($2.4 million), (ii) the secured facilities completed since the fourth quarter 1998 ($7.4 million), (iii) increased debt from the Tower Property financings ($0.9 million) and (iv) the balance represents the net interest incurred on the Credit Facility during 1999 as compared to interest incurred on the Credit Facility and acquisition facility during 1998.

Depreciation and amortization for the nine months ended September 30, 1999 totaled $19.7 million representing an increase of $9.0 million compared to $10.7 million for the nine months ended September 30, 1998. The increase is primarily attributable to: (i) the 1998 Acquisitions which increased depreciation by $5.2 million (ii) the 1999 Acquisitions which increased depreciation by $2.1 million (iii) the 1999 Same Store portfolio which increased depreciation by $1.0 million, (iv) and an increase in the amortization of deferred finance costs totaling $0.7 million associated with fees incurred on the Company's refinancing activities.

Real estate taxes for the nine months ended September 30, 1999 totaled $21.9 million representing an increase of $7.0 million compared to $14.9 million for the nine months ended September 30, 1998. The increase is primarily attributable to (i) the 1998 Acquisitions which increased real estate taxes by $4.3 million, (ii) the 1999 Acquisitions which increased real estate taxes by $2.9 million and (iii) a decrease in Same Store real estate taxes by $0.2 million.

Marketing, general and administrative expense for the nine months ended September 30, 1999 totaled $8.4 million representing an increase of $4.4 million compared to $4.0 million for the nine months ended September 30, 1998. The increase is due to increased personnel costs associated with the Company's rapid growth.

COMPARISON OF THE THREE MONTHS ENDED SEPTEMBER 30, 1999 TO THE THREE MONTHS ENDED SEPTEMBER 30, 1998. The following transactions have occurred that have a material impact on the comparison of the 1999 and 1998 results: (i) 1412 Broadway (acquired August 1998) which was included in the 1999 results and was included for only a portion of the 1998 results (the "1998 Acquisition") and (ii) the acquisition of a controlling interest in 555 West 57th Street, an acquired operating lease position at 420 Lexington Avenue (both acquired January 1999), 90 Broad Street, acquired May 1999 and subsequently contributed to a joint venture in July 1999 in which the Company retained a 35% interest, the properties located at 286, 290 and 292 Madison Avenue (acquired May 1999) and the joint venture at 1250 Broadway (the "1999 Acquisitions") which are included for all or a portion of 1999 and are not included in the 1998 results. For purposes of this discussion, the Company defines "Same Store" as the results of properties owned at January 1, 1998.

Rental revenue for the three months ended September 30, 1999 totaled $45.1 million representing an increase of $11.5 million compared to $33.6 million for the three months ended September 30, 1998. The increase is primarily attributable to the revenue associated with the following: (i) the normalization of the 1998 Acquisitions which increased rental revenue by $1.4 million, (ii) 1998 and 1999 leasing activity attributable to the 1998 Acquisitions ($1.9 million), (iii) the 1999 Acquisitions which increased rental revenue by $7.0 million and (iv) the increased rental revenue from the Same Store portfolio due to increased annualized rent from rollover ($0.8 million) and increased occupancy ($0.4 million).

Signage rent for the three months ended September 30, 1999 totaled $0.6 million which represents income from temporary outdoor signs placed at portfolio properties. There was no corresponding income during 1998.

Escalation and reimbursement revenue for the three months ended September 30, 1999 totaled $6.9 million representing an increase of $1.6 million compared to $5.3 million for the three months ended September 30, 1998. The increase is primarily attributable to the revenue associated with the 1998 Acquisitions which increased revenue by $0.3 million, the 1999 Acquisitions which increased revenue by $1.2 million and a $0.1 million increase in escalations and reimbursements from the Same Store portfolio.

Investment income for the three months ended September 30, 1999 totaled $1.5 million, representing an increase of $0.6 million compared to $0.9 million for the three months ended September 30, 1998. The increase is primarily attributable to the 636 11th Avenue mortgage ($0.1 million), the second mortgage at 521 Fifth Avenue ($0.4 million) and the preferred equity interest at 1370 Avenue of the Americas ($0.6 million). These investments were partially offset by a reduction in interest income from 17 Battery Place ($0.5 million).

Equity in income (loss) from Service Corporations for the three months ended September 30, 1999 contributed $0.2 million compared to breakeven for the three months ended September 30, 1998. The income generated from the Service Corporations is primarily due to increased tenant-rep leasing activity and management fees of the 1999 joint venture properties.

Equity in income from joint ventures for the three months ended September 30, 1999 contributed $0.2 million. This income resulted from the joint ventures in 90 Broad Street and 1250 Broadway, both of which commenced during the third quarter of 1999.

Operating expenses for the three months ended September 30, 1999 totaled $14.3 million representing an increase of $3.3 million compared to $11.0 million for the three months ended September 30, 1998. The increase was attributable to the normalization of the 1998 Acquisitions ($0.5 million) and the 1999 Acquisitions ($3.3 million). This increase was partially offset by a $0.5 million decrease in operating expenses over the balance of the portfolio.

Ground rent for the three months ended September 30, 1999 totaled $3.2 million representing a decrease of $0.2 million compared to $3.4 million for the three months ended September 30, 1998. The change is attributable to the normalization of the ground lease at 711 Third Avenue ($0.2 million) offset by a decrease at 420 Lexington Avenue ($0.4 million) due to the Company's January 1999 acquisition of a subleasehold position.

Interest expense for the three months ended September 30, 1999 totaled $7.8 million representing an increase of $5.4 million compared to $2.4 million for the three months ended September 30, 1998. The increase is primarily attributable to (i) debt assumed in connection with the acquisition of the BMW Building ($1.4 million), (ii) $1.1 million increase in interest expense from the Tower Properties, (iii) $0.7 million for the full quarter effect of borrowings associated with the purchase of the property located at 1412 Broadway, (iv) $0.6 million for financing the acquisition of mortgage notes receivable, preferred investments and the funding of the Company's equity in joint ventures and (v) $1.6 million for increased borrowings to fund capital projects and working capital requirements.

Depreciation and amortization for the three months ended September 30, 1999 totaled $7.7 million representing an increase of $3.6 million compared to $4.1 million for the three months ended September 30, 1998. The increase is primarily attributable to: (i) the 1998 Acquisitions which increased depreciation by $1.7 million (ii) the 1999 Acquisitions which increased depreciation by $1.0 million, (iii) an increase in the amortization of deferred finance costs totaling $0.3 million associated with fees incurred on the Company's 1998 and 1999 refinancings and (iv) a $0.6 million increase from the Same Store portfolio.

Real estate taxes for the three months ended September 30, 1999 totaled

$7.5 million representing an increase of $1.4 million compared to $6.1 million for the three months ended September 30, 1998. The increase is primarily attributable to the normalization of the 1998 Acquisitions which increased real estate taxes by $0.2 million and the 1999 Acquisitions which increased real estate taxes by $1.2 million.

Marketing, general and administrative expense for the three months ended September 30, 1999 totaled $3.0 million representing an increase of $1.4 million compared to $1.6 million for the three months ended September 30, 1998. The increase is due to higher costs associated with the Company's rapid growth.

LIQUIDITY AND CAPITAL RESOURCES

During April 1999 the Company closed on fixed-rate mortgage financings totaling $102.8 million with maturities of 7 years ($50.8 million) and 10 years ($52 million). The weighted average interest rate on these financings is 7.78%. These mortgages replaced $87.5 million in secured floating-rate bridge financings and provided approximately $13 million in additional liquidity that was used to reduce the amount outstanding under the Company's revolving credit facility. The Company recorded $0.6 million extraordinary loss during the quarter ended June 30, 1999 for the early extinguishment of debt related to unamortized origination fees and transaction costs associated with these secured bridge loans.

During April 1999 and May 1999 the Company received loans totaling $117.7 million. The first loan of $65 million is secured by the Company's interest in 420 Lexington Avenue. The term of this loan is two years and bears interest at a rate of 275 basis points over the 30-day LIBOR rate. The loan funded the acquisition of the Tower Properties ($84.5 million). The second loan was a $52.7 million one-year floating rate acquisition facility, secured by these four acquired properties and bears interest at 150 basis points over LIBOR.

On April 12, 1999 the Company announced that it had originated and funded a $20 million second mortgage bridge loan to finance 521 Fifth Avenue Partners, LLC's acquisition of a 440,000 square foot office building located at 521 Fifth Avenue in the Grand Central District of New York City. This mortgage was funded through the Company's Credit Facility. The second mortgage bridge loan has a term of six months which has been extended for an additional three months. Goldman Sachs Mortgage Company purchased a 50% participation in the investment. SL Green will manage the mortgage investment asset. Average yield over six months is expected to be 16%, growing to 17% during the extension period.

On May 13, 1999 the Company announced it had acquired a $20 million preferred equity interest in a venture holding the loan secured by 1370 Avenue of the Americas. The investment, funded through the Company's Credit Facility, bears a floating interest rate of 700 basis points over LIBOR for a term of three years.

During September, 1999 the Company closed on an 8.13% fixed rate mortgage financing of $49.2 million with a maturity of 6 years. The loan is secured by the Company's interest in 711 Third Avenue. The proceeds were used to repay an existing $5 million financing on the property and the balance reduced the amount outstanding under the Company's Credit Facility.

At September 30, 1999 the mortgage loans and revolving credit facility represented approximately 37.6% of the Company's market capitalization based on an estimated total market capitalization (debt and equity including preferred stock, assuming conversion of all operating partnership units) of $1,059 million (based on a common stock price of $20.50 per share, the closing price of the Company's common stock on the New York Stock Exchange on September 30, 1999). The Company's principal debt maturities are scheduled to be $0.5 million and $64.3 million for the remaining three months ending December 31, 1999 and the twelve months ending December 31, 2000, respectively.

The Company expects to make distributions to its stockholders primarily based on its distributions received from the Operating Partnership or, if necessary, from working capital or borrowings. The Operating Partnership income will be derived primarily from lease revenue from the Properties and, to a limited extent, from investment income from mortgage loans and preferred investments and fees generated by the Service Corporations.

The Company estimates that for the three months ended December 31, 1999 and the 12 months ending December 31, 2000, it will incur approximately $6.9 million and $24.3 million, respectively, of capital expenditures on properties currently owned. In 1999 and 2000, approximately $6.1 million and $18.5 million, respectively, of the capital investments are associated with the redevelopment costs associated with properties acquired at or after the Company's initial public offering. The Company expects to fund these capital expenditures with the Credit Facility, 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 provided primarily from the Credit Facility, from additional borrowings secured by the acquisition property and from future issuances of equity and debt. 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 and additional equity issuances.

CASH FLOWS

COMPARISON OF THE THREE MONTHS ENDED SEPTEMBER 30, 1999 TO THE THREE MONTHS ENDED SEPTEMBER 30, 1998.

Net cash provided by operating activities increased $16.4 million to $34.7 million for the nine months ended September 30, 1999 as compared to $18.3 million for the nine months ended September 30, 1998. The increase was due primarily to the operating cash flow generated by the 1998 Acquisitions and 1999 Acquisitions and an increase in investment income. Net cash used in investing activities decreased $162.4 million to $204.1 million for the nine months ended September 30, 1999 compared to $366.5 million for the nine months ended September 30, 1998. The decrease was due primarily to the decrease in acquisition activity in 1999 as compared to 1998 (approximately $171 million) and advances from Service Corporations ($12.5 million) partially offset by the increase in mezzanine debt and mortgage investment ($3.6 million) and investments in joint ventures ($17.6 million). Net cash provided by financing activities decreased $164.7 million to $171.6 million for the nine months ended September 30, 1999 compared to $336.3 million for the nine months ended September 30, 1998. The decrease is primarily due to the net proceeds from the Company's 1998 equity offerings generating $353.3 million with no corresponding offering in 1999. The Company received $174.6 million in net proceeds from mortgage loan financings during 1999. The Company borrowed $37.2 million from the credit facility during 1999 and $6.0 million in 1998. The Company's common stock dividend increased $14.2 million due to the increased common shares outstanding which increased primarily from the 1998 common equity offering.

FUNDS FROM OPERATIONS

The White Paper on Funds from Operations approved by the Board of Governors of NAREIT in March 1995 defines Funds from Operations as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. The Company believes that Funds from Operations 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 Funds from Operations in accordance with standards established by NAREIT which may not be comparable to Funds from Operations reported by other REIT's that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the Company. Funds from Operations 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 three and nine months ended September 30, 1999 and 1998, respectively, are as follows:

	Three Months Ended		Nine Months Ended	
	1999	1998	1999	1998
Income before minority interest, preferred dividends and extraordinary items	$ 11,641	$ 11,058	$ 36,762	$ 23,072
Add:				
Depreciation and amortization	7,677	4,069	19,705	10,714
Joint Venture adjustment	120	--	120	--
Less:				
Preferred stock dividend	(2,300)	(2,300)	(6,900)	(3,420)
Minority interest in commercial real estate	(354)	--	(1,765)	--
Amortization of deferred financing costs and Depreciation of non-real estate assets	(878)	(186)	(2,140)	(811)
FFO	$ 15,906	$ 12,641	$ 45,782	$ 29,555
Basic weighted average shares/units outstanding	26,628	26,350	26,623	20,631
Diluted weighted average shares/units outstanding	31,405	26,356	31,385	20,693

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 described above.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, which was required to be adopted in years beginning after June 15, 1999. The FASB issued Statement No. 137 which extended the effective date of this statement to June 15, 2000 (January 1, 2001 for the Company). The Statement will require 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 does not anticipate that the adoption of this Statement will have a significant effect on its results of operations or financial position.

YEAR 2000 COMPLIANCE

The Company is providing the following disclosure pursuant to the Securities and Exchange Commission's interpretation titled "Disclosure of Year 2000 Issues and Consequences by Public Companies, Investment Advisers, Investment Companies, and Municipal Securities Issuers" effective August 4, 1998.

STATE OF READINESS

The Company has identified three areas of focus for Year 2000 Compliance: internal information technology, property operating equipment, and third party service suppliers.

INFORMATION TECHNOLOGY: In 1997, the Company began a project to update its information technology resources by installing new hardware and software throughout the Company. The Company completed the implementation of the systems during 1998. All hardware components and software were acquired from major U.S. manufacturers. The manufacturer of the new financial systems has supplied the Company with documentation of Year 2000 testing to demonstrate that their software meets and exceeds Year 2000 compliance requirements. The Company has completed internal testing of the financial systems, although there is no assurance this test will confirm Year 2000 compliance. The Company has contacted other software and hardware providers and received confirmation of Year 2000 compliance with regard to its network and operating systems.

PROPERTY OPERATING EQUIPMENT: The Company inquired regarding compliance status from all vendors providing systems identified as having potential Year 2000 compliance problems. The Company then tested each system with these vendors. The Company believes that it has identified all building operating systems (primarily elevators and fire safety systems) that contain embedded chips or use software that require Year 2000 testing. The Company received confirmation from these vendors and manufacturers that the equipment and related systems are Year 2000 compliant. In addition, the Company has since tested 100% of these identified systems. During the course of this testing, the fire command station at one of the Company's properties failed due to a CPU chip which was subsequently replaced at no cost. The system was retested and found to be fully functional. The Company does not plan further testing of property operating equipment at properties currently in the portfolio.

THIRD PARTY SERVICE SUPPLIERS: At present, the Company has no automated interfaces from third party service providers into the Company's financial systems. However, the Company does rely on information from two types of third parties service providers: financial institutions and a payroll and benefits processing company. The Company has obtained a majority of the documentation confirming with the third parties that systems that relate to the Company are Year 2000 compliant. The Company will not be able to test the systems of these service providers and will have to rely on these confirmation responses which the Company believes provides only limited assurances. However, the Company cannot represent that these responses are accurate and may result in lost services if these vendors are not Year 2000 compliant.

	ASSESSMENT	REMEDIATION	DIRECT TESTING	INDIRECT TESTING	IMPLEMENTATION
Information Technology	100% complete	100% complete	100% complete	100% complete based on representations received from third party vendor	100% complete
Property Operating Equipment (on currently owned properties)*	100% complete	100% complete	100% complete	Not applicable	100% complete
Third Party Service Providers	100% complete	100% complete	Not applicable	100% complete based on representations received from third party vendors	100% complete on assessed items

* Will change with new acquisitions on a quarterly basis.

COSTS

The Company has not incurred material direct costs related to Year 2000. These direct costs exclude the costs to replace the hardware and software systems, as the decision to replace these systems was not accelerated by the Year 2000 issues.

RISKS

The Company believes that it has effectively identified and resolved Year 2000 issues. In the event that certain third-party servicers are not Year 200 compliant, the Company may be unable to collect rents, process Company payroll, and disburse funds. The Company also does not have any plan, and cannot make any assurances regarding any loss of governmental, utility services or financial market functionality that may be lost as a result of Year 2000. The Company cannot make any assurances that its tenants will be able to disburse funds to pay rental invoices due to Year 2000 compliance deficiencies.

CONTINGENCIES

The Company has completed all phases of its Year 2000 program and currently has no contingency plan in place; however, the Company is currently drafting limited contingency procedures to address certain events for property-level system problems.

ITEM 3. MARKET RISK AND RISK MANAGEMENT POLICIES

The Company is exposed to changes in interest rates primarily from its floating rate debt arrangements. The Company currently does not have any rate derivative instruments currently in place to manage exposure to interest rate changes on outstanding floating rate obligations. At September 30, 1999, 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 $2.4 million annually.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

None

(b) Reports on Form 8-K:

1. Form 8-K/A dated May 24, 1999, Item 7

SIGNATURES

Pursuant to the requirements 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.

By: /s/ THOMAS E. WIRTH

Thomas E. Wirth
Executive Vice President and Chief Financial Officer

Date: November 15, 1999

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