

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2003

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
of incorporation or organization)

13-3956775
(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 registrant 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 whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No

The number of shares outstanding of the registrant's common stock, \$0.01 par value was 31,068,940 at April 30, 2003.

SL GREEN REALTY CORP.

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PART I. FINANCIAL INFORMATION
ITEM 1. Financial Statements

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

	March 31, 2003 (Unaudited)	December 31, 2002 (Note 1)
Assets		
<u>Commercial real estate properties, at cost:</u>		
Land and land interests	\$ 182,510	\$ 131,078
Buildings and improvements	981,971	683,165
Building leasehold	150,375	149,326
Property under capital lease	12,208	12,208
	<u>1,327,064</u>	<u>975,777</u>
Less accumulated depreciation	(130,675)	(126,669)
	<u>1,196,389</u>	<u>849,108</u>
Assets held for sale	16,226	41,536
Cash and cash equivalents	24,619	58,020
Restricted cash	59,035	29,082
Tenant and other receivables, net of allowance of \$6,090 and \$5,927 in 2003 and 2002, respectively	8,921	6,587
Related party receivables	5,213	4,868
Deferred rents receivable, net of allowance of \$6,915 and \$6,575 in 2003 and 2002, respectively	57,223	55,731
Investment in and advances to affiliates	3,733	3,979
Structured finance investments, net of discount of \$165 and \$205 in 2003 and 2002, respectively	114,496	145,640
Investments in unconsolidated joint ventures	213,802	214,644
Deferred costs, net	37,251	35,511
Other assets	18,911	28,464
Total assets	<u>\$ 1,755,819</u>	<u>\$ 1,473,170</u>
Liabilities and Stockholders' Equity		
Mortgage notes payable	\$ 621,469	\$ 367,503
Revolving credit facilities	51,000	74,000
Unsecured term loan	100,000	100,000
Derivative instruments at fair value	11,553	10,962
Accrued interest payable	2,917	1,806
Accounts payable and accrued expenses	36,906	41,197
Deferred compensation awards	—	1,329
Deferred revenue/gain	27,337	3,096
Capitalized lease obligations	15,937	15,862
Deferred land lease payable	14,786	14,626
Dividend and distributions payable	17,859	17,436
Security deposits	20,928	20,948
Liabilities related to assets held for sale	14,821	21,321
Total liabilities	<u>935,513</u>	<u>690,086</u>
Commitments and Contingencies		
Minority interest in Operating Partnership	54,819	44,039
Minority interest in partially owned entity	490	679
8% Preferred Income Equity Redeemable Shares SM \$0.01 par value \$25.00 mandatory liquidation preference, 25,000 authorized and 4,600 outstanding at March 31, 2003 & December 31, 2002	111,852	111,721

Stockholders' Equity

Common stock, \$0.01 par value 100,000 shares authorized, 30,939 and 30,422 issued and outstanding at March 31, 2003 and December 31, 2002, respectively	309	304
Additional paid-in-capital	603,907	592,585
Deferred compensation plans	(9,224)	(5,562)
Accumulated other comprehensive loss	(11,375)	(10,740)
Retained earnings	69,528	50,058
Total stockholders' equity	653,145	626,645
Total liabilities and stockholders' equity	\$ 1,755,819	\$ 1,473,170

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

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SL Green Realty Corp.
Condensed Consolidated Statements of Income
(Unaudited, and amounts in thousands, except per share data)

	Three Months Ended March 31,	
	2003	2002
Revenues		
Rental revenue, net	\$ 53,280	\$ 45,794
Escalation and reimbursement revenues	8,460	6,506
Signage rent	325	466
Investment income	3,361	3,720
Preferred equity income	1,556	1,911
Other income	1,701	975
Total revenues	<u>68,683</u>	<u>59,372</u>
Expenses		
Operating expenses including \$1,385 (2003) and \$1,522 (2002) to affiliates	17,094	13,323
Real estate taxes	9,998	7,059
Ground rent	3,164	3,159
Interest	9,652	8,418
Depreciation and amortization	10,883	9,267
Marketing, general and administrative	3,186	3,202
Total expenses	<u>53,977</u>	<u>44,428</u>
Income from continuing operations before equity in net income (loss) from affiliates, equity in net income of unconsolidated joint ventures, gain on sale, minority interest and discontinued operations	14,706	14,944
Equity in net income (loss) from affiliates	(97)	(84)
Equity in net income of unconsolidated joint ventures	4,176	3,333
Operating earnings	18,785	18,193
Minority interest in operating partnership attributable to continuing operations	(1,132)	(1,110)
Income from continuing operations	17,653	17,083
Income from discontinued operations, net of minority interest	867	553
Gain on sale of discontinued operations, net of minority interest	17,827	—
Net income	<u>36,347</u>	<u>17,636</u>
Preferred stock dividends	(2,300)	(2,300)
Preferred stock accretion	(131)	(123)
Net income available to common shareholders	<u>\$ 33,916</u>	<u>\$ 15,213</u>
Basic earnings per share:		
Net income from continuing operations before gain on sale	\$ 0.50	\$ 0.49
Income from discontinued operations	0.03	0.02
Gain on sale of discontinued operations	0.58	—
Net income available to common shareholders	<u>\$ 1.11</u>	<u>\$ 0.51</u>
Diluted earnings per share:		
Net income from continuing operations before gain on sale	\$ 0.49	\$ 0.48
Income from discontinued operations	0.02	0.02
Gain on sale of discontinued operations	0.50	—
Net income available to common shareholders	<u>\$ 1.01</u>	<u>\$ 0.50</u>
Basic weighted average common shares outstanding	<u>30,706</u>	<u>29,992</u>
Diluted weighted average common shares and common share equivalents outstanding	<u>38,182</u>	<u>32,905</u>

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

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SL Green Realty Corp.
Condensed Consolidated Statement of Stockholders' Equity
(Unaudited, and amounts in thousands, except per share data)

Common	Additional Paid-In-	Deferred Compensation	Accumulated Other	Retained Earnings	Total	Comprehensive Income
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	Stock		Capital	Plans	Comprehensive Loss			
	Shares	Par Value						
Balance at December 31, 2002	30,422	\$ 304	\$ 592,585	\$ (5,562)	\$ (10,740)	\$ 50,058	\$ 626,645	
Comprehensive Income:								
Net income						36,347	36,347	\$ 36,347
Net unrealized loss on derivative instruments					(635)		(635)	(635)
SL Green's share of joint venture net unrealized loss on derivative instruments								(114)
Preferred dividends & accretion requirement						(2,431)	(2,431)	
Redemption of units	168	1	3,463				3,464	
Deferred compensation plan & stock award, net	175	2	4,276	(4,278)				
Amortization of deferred compensation plan				616			616	
Proceeds from stock options exercised	174	2	3,583				3,585	
Cash distributions declared (\$0.465 per common share)						(14,446)	(14,446)	
Balance at March 31, 2003	30,939	\$ 309	\$ 603,907	\$ (9,224)	\$ (11,375)	\$ 69,528	\$ 653,145	\$ 35,598

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

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SL Green Realty Corp.
Condensed Consolidated Statements of Cash Flows
(Unaudited, and amounts in thousands, except per share data)

	Three Months Ended March 31,	
	2003	2002
Operating Activities		
Net income	\$ 36,347	\$ 17,636
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash adjustment related to income from discontinued operations	1,416	371
Depreciation and amortization	10,883	9,267
Amortization of discount on structured finance investments	(40)	(96)
Gain on sale of discontinued operations	(17,827)	—
Equity in net loss from affiliates	97	84
Equity in net income from unconsolidated joint ventures	(4,176)	(3,333)
Minority interest	1,132	1,110
Deferred rents receivable	(2,227)	(2,477)
Allowance for bad debts	163	600
Amortization of deferred compensation	616	(179)
Changes in operating assets and liabilities:		
Restricted cash – operations	(14,149)	2,397
Tenant and other receivables	(2,497)	(74)
Related party receivables	(345)	102
Deferred lease costs	(1,891)	(1,656)
Other assets	9,276	1,034
Accounts payable, accrued expenses and other liabilities	(4,529)	(541)
Deferred revenue	1,567	295
Deferred land lease payable	160	160
Net cash provided by operating activities	<u>13,976</u>	<u>24,700</u>
Investing Activities		
Acquisition of real estate property	(18,999)	—
Additions to land, buildings and improvements	(4,089)	(5,761)
Restricted cash – capital improvements/acquisitions	(15,804)	(1,098)
Investment in and advances to affiliates	149	1,055
Distribution from affiliate	—	739
Investments in unconsolidated joint ventures	—	—
Distributions from unconsolidated joint ventures	5,566	1,844
Net proceeds from disposition of rental property	62,478	—
Structured finance investments, net of repayments/participations	(22,316)	(482)
Net cash provided by (used in) investing activities	<u>6,985</u>	<u>(3,703)</u>
Financing Activities		
Proceeds from mortgage notes payable	35,000	—
Repayments of mortgage notes payable	(50,255)	(1,714)
Proceeds from revolving credit facilities and term loan	106,000	10,000
Repayments of revolving credit facilities	(129,000)	(18,000)
Proceeds from stock options exercised	3,585	2,160
Capitalized lease obligation	75	70
Dividends and distributions paid	(17,404)	(14,277)
Deferred loan costs	(2,363)	—
Net cash (used in) financing activities	<u>(54,362)</u>	<u>(21,761)</u>
Net decrease in cash and cash equivalents	<u>(33,401)</u>	<u>(764)</u>
Cash and cash equivalents at beginning of period	58,020	13,193
Cash and cash equivalents at end of period	<u>\$ 24,619</u>	<u>\$ 12,429</u>
Supplemental cash flow disclosures		

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

SL Green Realty Corp.
Notes To Condensed Consolidated Financial Statements
(Unaudited, and dollars in thousands, except per share data)
March 31, 2003

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 has qualified, and expects to qualify in its current fiscal year, 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 March 31, 2003, minority investors held, in the aggregate, a 7.2% limited partnership interest in the Operating Partnership.

As of March 31, 2003, the Company's wholly-owned portfolio (the "Properties") consisted of 20 commercial properties encompassing approximately 8.23 million rentable square feet located primarily in midtown Manhattan ("Manhattan"), a borough of New York City. As of March 31, 2003, the weighted average occupancy (total leased square feet divided by total available square feet) of the wholly-owned properties was 96.3%. The Company's portfolio also includes ownership interests in unconsolidated joint ventures which own six commercial properties in Manhattan, encompassing approximately 4.64 million rentable square feet which were 94.1% occupied as of March 31, 2003. The Company also owns one triple-net leased property located in Shelton, Connecticut ("Shaws"). In addition, the Company continues to manage three 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 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.

Basis of Quarterly Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States 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 accounting principles generally accepted in the United States 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 2003 operating results for the period presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. 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, 2002.

The balance sheet at December 31, 2002 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

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.

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 term of the lease
Property under capital lease	remaining lease term
Furniture and fixtures	four to seven years
Tenant improvements	shorter of remaining term of the lease or useful life

Depreciation expense (including amortization of the Company's capital lease asset) amounted to \$8,391, and \$7,239 for the three months ended March 31, 2003 and 2002, respectively.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's 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 the Company's real estate properties was impaired at March 31, 2003 and December 31, 2002.

Upon acquisitions of real estate, the Company assesses the fair value of acquired assets (including land, building, tenant improvements, acquired above and below market leases and the origination cost of acquired in-place leases in accordance with Statement of Financial Accounting Standard, or SFAS No. 141) and acquired liabilities, and allocates purchase price based on these assessments. The Company assesses fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property. If the Company incorrectly estimates the values at acquisition or the undiscounted cash flows, initial allocation of purchase price and future impairment charges may be different.

As a result of its evaluations, as of March 31, 2003, the Company has recorded a deferred credit of \$15,800 representing the net value of acquired above and below market leases. For the quarter ended March 31, 2003, the Company has not recognized any rental revenue for the amortization of below market leases net of above market leases, or depreciation expense for the amortization of the lease origination costs and additional building depreciation resulting from the reallocation of the purchase price of the applicable properties as the transaction closed at quarter end. The Company has also recorded a deferred credit of \$7,266 representing the value of mortgage loans assumed at above market rates.

In October 2001, the Financial Accounting Standards Board, or FASB, issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This standard harmonizes the accounting for impaired assets and resolves some of the implementation issues as originally described in SFAS 121. The Company adopted this pronouncement on January 1, 2002. This resulted in the Company having to reclassify certain revenue and expenses to discontinued operations. This adoption had no impact on the Company's results of operations or financial position.

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. In all the joint ventures, the rights of the minority investor are both protective as well as participating. These rights preclude the Company from consolidating these investments. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions. Any difference between the carrying amount of these investments on the balance sheet of the Company and the underlying equity in net assets is amortized as an adjustment to equity in net income (loss) of unconsolidated joint ventures over the lesser of the joint venture term or 40 years. See Note 6. None of the joint venture debt is recourse to the Company.

Restricted Cash

Restricted cash primarily consists of security deposits held on behalf of tenants as well as capital improvement escrows.

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 wholly-owned properties. A portion of their compensation, approximating \$403 and \$440 for the three months ended March 31, 2003 and 2002, respectively, was capitalized and is amortized over an estimated average lease term of seven years.

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 or repaid before maturity. Costs incurred in seeking financial transactions which do not close are expensed in the period.

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, an allowance for future potential tenant credit losses which may occur against this account. The balance reflected on the balance sheet is net of such allowance.

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its tenants to make required rent payments. If the financial condition of a specific tenant were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be

required.

Interest income on structured finance investments is recognized over the life of the investment using the effective interest method and recognized on the accrual basis. Fees received in connection with loan commitments are deferred until the loan is funded and are then recognized over the term of the loan as an adjustment to yield. Anticipated exit fees are also recognized over the term of the loan as an adjustment to yield. Fees on commitments that expire unused are recognized at expiration.

Income recognition is generally suspended for loans at the earlier of the date at which payments become 90 days past due or when, in the opinion of management, a full recovery of income and principal becomes doubtful. Income recognition is resumed when the loan becomes contractually current and performance is demonstrated to be resumed.

Asset management fees are recognized on a straight-line basis over the term of the asset management agreement.

Reserve for Possible Credit Losses

The reserve for possible credit losses in connection with structured finance investments is the charge to earnings to increase the allowance for possible credit losses to the level that management estimates to be adequate considering delinquencies, loss experience and collateral quality. Other factors considered relate to geographic trends and product diversification, the size of the portfolio and current economic conditions. Based upon these factors, the Company establishes the provision for possible credit losses by category of asset. When it is probable that the Company will be unable to collect all amounts contractually due, the account is considered impaired.

Where impairment is indicated, a valuation write-down or write-off is measured based upon the excess of the recorded investment amount over the net fair value of the collateral, as reduced by selling costs. Any deficiency between the carrying amount of an asset and the net sales price of repossessed collateral is charged to the allowance for credit losses. No reserve for impairment was required at March 31, 2003 or December 31, 2002.

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 Code. As a REIT, the Company generally is not subject to Federal income tax. To maintain its qualification as a REIT, the Company must distribute at least 90% 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. Under certain circumstances, Federal income and excise taxes may be due on its undistributed taxable income.

Pursuant to amendments to the Code that became effective January 1, 2001, the Company has elected to treat certain of its existing or newly created corporate subsidiaries as taxable REIT subsidiaries (each a "TRS"). In general, a TRS of the Company may perform non-customary services for tenants of the Company, hold assets that the Company cannot hold directly and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the provision to any person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated). A TRS is subject to corporate Federal income tax.

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. See Note 15 for the pro-forma accounting impact under SFAS 123, "Accounting for Stock-based Compensation" ("SFAS 123"). On January 1, 2003, the Company adopted SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure" ("SFAS 148"). The Company did not change its method of accounting for stock-based compensation.

Derivative Financial Instruments

In the normal course of business, the Company uses a variety of derivative financial instruments to manage, or hedge, interest rate risk. The Company requires that hedging derivative instruments are effective in reducing the interest rate risk exposure that they are designated to hedge. This effectiveness is essential for qualifying for hedge accounting. Some derivative instruments are associated with an anticipated transaction. In those cases, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the derivative contract.

To determine the fair values of derivative instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date. For the majority of financial instruments including most derivatives, long-term investments and long-term debt, standard market conventions and techniques such as discounted cash flow analysis, option pricing models, replacement cost, and termination cost are used to determine fair value. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

In the normal course of business, the Company is exposed to the effect of interest rate changes and limits these risks by following established risk management policies and procedures including the use of derivatives. To address exposure to interest rates, derivatives are used primarily to fix the rate on debt based on floating-rate indices and manage the cost of borrowing obligations.

The Company uses a variety of commonly used derivative products that are considered plain vanilla derivatives. These derivatives typically include interest rate swaps, caps, collars and floors. The Company expressly prohibits the use of unconventional derivative instruments and using derivative instruments for trading or speculative purposes. Further, the Company has a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors.

The Company may employ swaps, forwards or purchased options to hedge qualifying forecasted transactions. Gains and losses related to these transactions are deferred and recognized in net income as interest expense in the same period or periods that the underlying transaction occurs, expires or is otherwise terminated.

Hedges that are reported at fair value and represented on the balance sheet could be characterized as either cash flow hedges or fair value hedges. Interest rate caps and collars are examples of cash flow hedges. Cash flow hedges address the risk associated with future cash flows of debt transactions. All hedges held by the Company are deemed to be fully effective in meeting the hedging objectives established by the corporate policy governing interest rate risk management and as such no net gains or losses were reported in earnings. The changes in fair value of hedge instruments are reflected in accumulated other comprehensive loss. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in current earnings during the period of change in the estimated fair value of the derivative instruments.

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 in excess of insured amounts with high quality financial institutions. All collateral securing the mortgage loans receivable is located in Manhattan (see Note 5). Management of the Company performs ongoing credit evaluations of its tenants and requires certain tenants to provide security deposits or letters of credit. Though these security deposits and letters of credit 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 properties are primarily located in Manhattan, the tenants located in these buildings operate in various industries and no single tenant in the wholly-owned properties contributes more than 3.6% of the Company's share of annualized rent.

Approximately 18% and 13% of the Company's annualized rent was attributable to 420 Lexington Avenue and 220 East 42nd Street, respectively, at March 31, 2003. Three borrowers each accounted for more than 10.0% of the revenue earned on structured finance investments at March 31, 2003.

Recently Issued Accounting Pronouncements

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities." This Interpretation clarifies the application of existing accounting pronouncements to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The provisions of the Interpretation will be immediately effective for all variable interests in variable interest entities created after January 31, 2003 and the Company will need to apply these provisions to any existing variable interests in variable interest entities by no later than September 30, 2003. The Company is currently in the process of evaluating the impact that this Interpretation will have on its financial statements. See Note 7.

Reclassification

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

3. Property Acquisitions

On March 28, 2003, the Company acquired condominium interests in 125 Broad Street for approximately \$92,000. The Company assumed the \$76,600 first mortgage currently encumbering this property. The mortgage matures in October 2007 and bears interest at 8.29%. In addition, the Company issued 51,667 units of limited partnership interest in the Operating Partnership having an aggregate value of approximately \$1,570. This property is encumbered by a ground lease that the condominium can acquire in the future at a fixed price.

On February 13, 2003, the Company completed the previously announced acquisition of the 1.1 million square foot office property located at 220 East 42nd Street known as The News Building, a property located in the Grand Central and United Nations marketplace, for a purchase price of \$265,000. Prior to the acquisition, the Company held a \$53,500 preferred equity investment in the property that was redeemed in full at closing. In connection with the redemption, the Company earned a redemption premium totaling \$4,380 which was accounted for as a reduction in the cost basis, resulting in an adjusted purchase price of \$260,600. In connection with this acquisition, the Company assumed a \$158,000 mortgage, which matures in September 2004 and bears interest at LIBOR plus 1.76%, and issued approximately 376,000 units of limited partnership interest in the Operating Partnership having an aggregate value of approximately \$11,275. The remaining \$42,200 of the purchase price was funded from borrowings under the Company's unsecured revolving credit facility, which included the repayment of a \$28,500 mezzanine loan on the property.

Pro Forma

The following table summarizes, on an unaudited pro forma basis, the combined results of operations of the Company for the quarters ended March 31, 2003 and 2002 as though the 2003 acquisition of 220 East 42nd Street (February 2003), 125 Broad Street (March 2003) and the equity investment in 1515 Broadway (see Note 6) (May 2002) were completed on January 1, 2002 and the related units of limited partnership interest in the Operating Partnership were issued on that date. There were no wholly-owned property acquisitions during 2002.

	2003	2002
Pro forma revenues	\$ 77,597	\$ 72,573
Pro forma net income	\$ 34,835	\$ 18,901
Pro-forma earnings per common share-basic	\$ 1.13	\$ 0.63
Pro-forma earnings per common share and common share equivalents-diluted	\$ 1.01	\$ 0.60
Pro-forma common shares-basic	30,706,000	29,992,000
Pro-forma common share and common share equivalents-diluted	38,411,000	38,032,000

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4. Property Dispositions and Assets Held for Sale

In March 2003, the Company sold 50 West 23rd Street for \$66,000 or approximately \$198 per square foot. The Company acquired the building at the time of its initial public offering in August of 1997, at a purchase price of approximately \$36,600. Since that time, the building was upgraded and repositioned enabling the Company to realize a gain of approximately \$19,200. The proceeds of the sale were used to pay off an existing \$21,000 first mortgage and substantially all of the balance was reinvested into the acquisitions of 220 East 42nd Street and 125 Broad Street to effectuate a partial 1031 tax-free exchange.

At March 31, 2003, the Company considered the Shaws property to be held for sale under the criteria of SFAS 144 (see Note 2). Condensed financial information of the results of operations for this real estate asset, classified as held for sale at March 31, 2003 and 50 West 23rd Street which was sold on March 26, 2003 and included in discontinued operations, is as follows:

	Three Months Ended March 31,	
	2003	2002
Revenues		
Rental revenue	\$ 2,044	\$ 1,990
Escalation and reimbursement revenues	314	316
Signage rent and other income	5	5
Total revenues	2,363	2,311
Operating expenses	361	396
Real estate taxes	390	296
Interest	654	694
Depreciation and amortization	28	330
Total expenses	1,433	1,716
Operating income from discontinued operations	930	595
Gain on disposition of discounted operations	19,152	—
Minority interest in operating partnership	(1,388)	(42)
Income from discontinued operations, net of minority interest	\$ 18,694	\$ 553

5. Structured Finance Investments

During the quarter ended March 31, 2003, the Company originated \$23,040 in structured finance and preferred equity investments (net of discount). There was also \$54,183 in repayments and participations during the quarter. At March 31, 2003, all loans were performing in accordance with the terms of the loan agreements. All of the properties comprising the structured finance investments are located in Manhattan.

As of March 31, 2003 and December 31, 2002, the Company held the following structured finance investments:

Loan Type	Weighted Yield	Gross Investment	Senior Financing	2003 Principal Outstanding	2002 Principal Outstanding	Mandatory Maturity Date
Mezzanine Loan (1)	12.46%	\$ 25,000	\$ 110,000	\$ 24,836	\$ 24,796	April 2004
Mezzanine Loan	11.08%	10,300	30,600	10,300	10,300	June 2006
Junior Participation (2)	14.66%	27,723	67,277	27,584	27,723	November 2003
Junior Participation	14.10%	500	5,500	500	500	December 2004
Junior Participation (3)	13.40%	15,000	178,000	14,926	14,926	November 2004
Junior Participation	10.50%	15,000	173,000	15,000	—	January 2005
				\$ 93,146	\$ 78,245	

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- (1) On July 20, 2001, this loan was contributed to a joint venture with the Prudential Real Estate Investors ("PREI"). The Company retained a 50% interest in the loan. The original investment was \$50,000.
- (2) In connection with the acquisition of a subordinate first mortgage interest, the Company obtained \$22,178 of financing from the senior participant which is co-terminous with the mortgage loan. As a result, the Company's net investment is \$5,545. This financing carries a variable interest rate of 100 basis

points over the 30-day LIBOR (1.30% at March 31, 2003). This loan was extended for one year from the initial maturity date. The interest rate in the table reflects the yield on the net investment.

- (3) On April 12, 2002, this loan, with an original investment of \$30,000, was contributed to a joint venture with PREI. The Company retained a 50% interest in the loan.

Preferred Equity Investments

In June 2001, the Company made an \$8,000 preferred equity investment. This investment entitles the Company to receive a preferential 10% yield. The mandatory redemption date is May 2006, but is subject to extension options. The Company will also participate in the appreciation of the property upon sale to a third party above a specified threshold. The balance on this investment was \$7,871 at March 31, 2003. The property is encumbered by \$65,000 of senior financing.

In September 2001, the Company made a \$53,500 preferred equity investment with an initial redemption date of September 2006. This variable rate investment had a yield of 12.6% at December 31, 2002. The Company could have participated in the appreciation of the property upon sale to a third party above a specified threshold. The Company also received asset management fees. The property was encumbered by \$186,500 of senior financing. This investment was redeemed on February 13, 2003 (see Note 3).

In June 2002, the Company made a \$6,000 preferred equity investment with a mandatory redemption date of July 2007. There is a one-year redemption lockout until June 2003. This variable rate investment had a yield of 13.10% at March 31, 2003. The balance on this investment was \$5,479 at March 31, 2003. The property is encumbered by \$38,000 of senior financing.

On June 25, 2002, the Company made a \$10,000 preferred equity investment, with a 10% yield. On December 16, 2002 this investment was redeemed in full.

In January 2003, the Company made an \$8,000 preferred equity investment with a mandatory redemption date of January 2006. This variable rate investment had a yield of 16.42% at March 31, 2003. The property is encumbered by \$42,000 of senior financing.

6. Investments in Unconsolidated Joint Ventures

Morgan Stanley Joint Ventures

MSSG I

On December 1, 2000, the Company and Morgan Stanley Real Estate Fund ("MSREF"), through the MSSG I joint venture, acquired 180 Madison Avenue, Manhattan, for \$41,250, excluding closing costs. The property is a 265,000 square foot, 23-story building. In addition to holding a 49.9% ownership interest in the property, the Company acts as the operating partner for the joint venture and is responsible for leasing and managing the property. During the three months ended March 31, 2003 and 2002, the Company earned \$65 and \$89 for such services, respectively. 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%. The mortgage was interest only until January 1, 2002, at which time principal repayments began. The loan can be upsized to \$34,000. The joint venture agreement provides the Company with the opportunity to gain certain economic benefits based on the financial performance of the property.

MSSG II

On January 31, 2001, the Company and MSREF, through the MSSG II joint venture, acquired 469 Seventh Avenue, Manhattan, for \$45,700, excluding closing costs. The property is a 253,000 square foot, 16-story office building.

On June 20, 2002, the Company and MSREF, through the MSSG II joint venture, sold 469 Seventh Avenue for a gross sales price of \$53,100, excluding closing costs. MSSG II realized a gain of approximately \$4,808 on the sale of which the Company's 35% share was approximately \$1,680. In addition, the \$36,000 mortgage was repaid in full. As part of the sale, the Company made a preferred equity investment of \$6,000 in the entity acquiring the asset. As a result of this continuing investment, the Company has deferred recognition of its share of the gain until its preferred investment is redeemed.

MSSG III

On May 4, 2000, the Company sold a 65% interest for cash in the property located at 321 West 44th Street, Manhattan to 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 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 joint venture received a \$22,000 mortgage for the acquisition and capital improvement program, which was estimated at \$3,300. The interest only mortgage matures on April 30, 2003 and has an effective interest rate based on LIBOR plus 250 basis points (3.84% at March 31, 2003). The Company is in the process of extending this mortgage for one year. The joint venture has substantially improved and repositioned the property. In addition to retaining a 35% economic interest in the property, the Company acting as the operating partner for the joint venture, is responsible for redevelopment, construction, leasing and management of the property. During the three months ended March 31, 2003 and 2002, the Company earned \$29 and \$35, respectively, for such services. The joint venture agreement provides the Company with the opportunity to gain certain economic benefits based on the financial performance of the property.

SITQ Immobilier

One Park Avenue

On May 25, 2001, the Company entered into a joint venture with respect to the ownership of the Company's interests in One Park Avenue, Manhattan ("One Park") with SITQ Immobilier, a subsidiary of Caisse de depot et placement du Quebec ("SITQ"). Under the terms of the joint venture, SITQ purchased a 45% interest in the Company's interests in the property based upon a gross aggregate price of \$233,900, exclusive of closing costs and reimbursements. No gain or loss was recorded as a result of this transaction. The \$150,000 mortgage was assumed by the joint venture. The interest only mortgage matures on January 10, 2004 and has an interest rate based on LIBOR plus 150 basis points (2.88% at March 31, 2003). The Company provides management and leasing services for One Park. During the three months ended March 31, 2003 and 2002, the Company earned \$466 and \$260, respectively, for such services. During the three months ended March 31, 2003 and 2002, the Company earned \$155 and \$154 in asset management fees, respectively. The various ownership interests in the mortgage positions of One Park, currently held through this joint venture, provide for substantially all of the economic interest in the property and gives the

venture the sole option to purchase the ground lease position. Accordingly, the Company has accounted for this joint venture as having an ownership interest in the property.

1250 Broadway

On November 1, 2001, the Company sold a 45% interest in 1250 Broadway, Manhattan ("1250 Broadway") to SITQ based on the property's valuation of approximately \$121,500. No gain or loss was recorded as a result of this transaction. This property is subject to an \$85,000 mortgage. The interest only mortgage matures on October 21, 2004. The Company entered into a swap agreement on its share of the joint venture first mortgage. The swap effectively fixed the LIBOR rate at 4.04% through January 2005. The interest rate based on LIBOR plus 250 basis points was 6.54% at March 31, 2003. The Company provides management and leasing services for 1250 Broadway. During the three months ended March 31, 2003 and 2002, the Company earned \$270 and \$153, respectively, for such services. During each of the three months ended March 31, 2003 and 2002, the Company earned \$225 in asset management fees.

1515 Broadway

On May 15, 2002, the Company and SITQ acquired 1515 Broadway, Manhattan ("1515 Broadway") for a gross purchase price of approximately \$483,500. The property is a 1.75 million square foot, 54-story office tower located on Broadway between 44th and 45th Streets. The property was acquired in a joint venture with the Company retaining an approximate 55% non-controlling interest in the asset. Under a tax protection agreement established to protect the limited partners of the partnership that transferred 1515 Broadway to the joint venture, the joint venture has agreed not to adversely affect the limited partners' tax positions before December 31, 2011. The Company provides management and leasing services for 1515 Broadway. During the three months ended March 31, 2003 and 2002, the Company earned \$381 and none, respectively, for such services. During the three months ended March 31, 2003 and 2002, the Company earned \$164 and none in asset management fees, respectively.

1515 Broadway was acquired with \$335,000 of financing of which a \$275,000 first mortgage was provided by Lehman Brothers and Bear Stearns and \$60,000 was provided by Goldman Sachs and Wells Fargo (the "Mezzanine Loans"). The balance of the proceeds were funded from the Company's unsecured line of credit and from SITQ's capital contribution to the joint venture. The \$275,000 first mortgage, which carries an interest rate of 145 basis points over the 30-day LIBOR (2.75% at March 31, 2003), matures in June 2004. The mortgage has five one-year extension options. The Mezzanine Loans consist of two \$30,000 loans. The first mezzanine loan, which carries an interest rate of 350 basis points over the 30-day LIBOR (4.8% at March 31, 2003), matures in May 2007. The second mezzanine loan, which carries an interest rate of 450 basis points over the 30-day LIBOR (5.8% at March 31, 2003), matures in May 2007. The Company entered into a swap agreement on \$100,000 of its share of the joint venture first mortgage. The swap effectively fixed the LIBOR rate on the \$100,000 at 2.299% through June 2004.

As a result of its evaluations, as of March 31, 2003, the joint venture recorded a deferred credit of \$14,200 representing the net value of acquired above and below market leases pursuant to SFAS No. 141.

One tenant, whose leases end between 2008 and 2013, accounts for approximately 84.7% of this joint venture's annualized rent.

Prudential Realty Joint Venture

On February 18, 2000, the Company acquired a 49.9% interest in a joint venture which owned 100 Park Avenue, Manhattan ("100 Park") for \$95,800. 100 Park is an 834,000 square foot, 36-story property. The purchase price was funded through a combination of cash and a seller provided mortgage on the property of \$112,000. 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 was payable through October 1, 2001 and thereafter principal repayments are due through maturity. The Company provides managing and leasing services for 100 Park. During the three months ended March 31, 2003 and 2002, the Company earned \$128 and \$119, respectively, for such services.

The condensed combined balance sheets for the unconsolidated joint ventures at March 31, 2003 and December 31, 2002, are as follows:

	2003	2002
Assets		
Commercial real estate property	\$ 1,096,035	\$ 1,088,083
Other assets	116,484	101,664
Total assets	<u>\$ 1,212,519</u>	<u>\$ 1,189,747</u>
Liabilities and members' equity		
Mortgage payable	\$ 742,285	\$ 742,623
Other liabilities	51,899	33,118
Members' equity	418,335	414,006
Total liabilities and members' equity	<u>\$ 1,198,319</u>	<u>\$ 1,189,747</u>
Company's net investment in unconsolidated joint ventures	<u>\$ 1,212,519</u>	<u>\$ 214,644</u>

The condensed combined statements of operations for the unconsolidated joint ventures for the three months ended March 31, 2003 and 2002 are as follows:

	2003	2002
Total revenues	\$ 44,296	\$ 28,221
Operating expenses	12,157	7,115
Real estate taxes	8,186	4,254
Interest	8,418	5,922
Depreciation and amortization	7,337	4,120
Total expenses	<u>36,098</u>	<u>21,411</u>
Net income before gain on sale	<u>\$ 8,198</u>	<u>\$ 6,810</u>

7. Investment in and Advances to Affiliates

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 (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. Effective January 1, 2001, the Service Corporation elected to be taxed as a TRS. As of March 31, 2003 and December 31, 2002, the Company's net investment in and advances to the Service Corporation totaled \$3,733 and \$3,979, respectively.

All of the management, leasing and construction services with respect to the properties wholly-owned by the Company are conducted through SL Green 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 ("Fluid"). In March 2001, the Company bought out Fluid's entire ownership interest in eEmerge. eEmerge is a separately managed, self-funded company that provides fully-wired and furnished office space, services and support to businesses.

The Company, through the Operating Partnership, owned all the non-voting common stock of eEmerge. Through dividends on its equity interest, the Operating Partnership received approximately 100% of the cash flow from eEmerge operations. All of the voting common stock was held by a Company affiliate. This controlling interest gave the affiliate the power to elect all the directors of eEmerge. The Company accounted for its investment in eEmerge on the equity basis of accounting because although it had significant influence with respect to management and operations, it did not control the entity. Effective March 26, 2002, the Company acquired all the voting common stock previously held by the Company affiliate. As a result, the Company controls all the common stock of eEmerge. Effective with the quarter ended March 31, 2002, the Company consolidated the accounts of eEmerge. Effective January 1, 2001, eEmerge elected to be taxed as a TRS.

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 are made in accordance with the Limited Liability Company Agreement of ENYC. Effective with the quarter ended March 31, 2002, the Company consolidated the accounts of ENYC.

The net book value of the Company's investment in eEmerge as of March 31, 2003 was \$4,500. Management currently believes that, assuming future increases in rental revenue in excess of inflation, it will be possible to recover the net book value of the investment through future operating cash flows. However, there is a possibility that eEmerge will not generate sufficient future operating cash flows for the Company to recover its investment. As a result of this risk factor, management may in the future determine that it is necessary to write down a portion of the net book value of the investment.

8. Deferred Costs

Deferred costs at March 31, 2003 and December 31, 2002, respectively, consisted of the following:

	2003	2002
Deferred financing	\$ 18,410	\$ 16,180
Deferred leasing	45,114	44,881
	63,524	61,061
Less accumulated amortization	(26,273)	(25,550)
	<u>\$ 37,251</u>	<u>\$ 35,511</u>

9. Mortgage Notes Payable

The first mortgage notes payable collateralized by the respective properties and assignment of leases at March 31, 2003 and December 31, 2002, respectively, are as follows:

Property	Maturity Date	Interest Rate	2003	2002
1414 Avenue of the Americas (1)	5/1/09	7.90%	\$ 13,675	\$ 13,726
70 West 36 th Street (1)	5/1/09	7.90%	11,917	11,961
711 Third Avenue (1)	9/10/05	8.13%	48,333	48,446
420 Lexington Avenue (1)	11/1/10	8.44%	122,640	123,107
317 Madison Avenue (1) (2)	8/20/04	LIBOR + 1.80%	65,000	65,000
555 West 57 th Street (3)	11/4/04	LIBOR + 2.00%	68,085	68,254
673 First Avenue	2/11/13	5.67%	35,000	—
125 Broad Street (4)	10/11/07	8.29%	76,641	—

50 West 23 rd Street (5)	8/1/07	7.33%	—	20,901
875 Bridgeport Ave., Shelton, CT (6)	5/10/25	8.32%	14,821	14,831
Total fixed rate debt			\$ 456,112	\$ 366,226
220 East 42 nd Street	9/4/04	LIBOR + 1.764%	\$ 158,000	—
Total floating rate debt			\$ 158,000	—
Total mortgage notes payable (7)			\$ 614,112	\$ 366,226

- (1) Held in bankruptcy remote special purpose entity.
- (2) The Company obtained a first mortgage secured by the property on August 16, 2001. The mortgage has two one-year extension options. On October 18, 2001, the Company entered into a swap agreement effectively fixing the LIBOR rate at 4.01% for four years.
- (3) The Company entered into an interest rate protection agreement which fixed the LIBOR interest rate at 6.10% at March 31, 2003 since LIBOR was 1.30% at that date. If LIBOR exceeds 6.10%, the loan will float until the maximum LIBOR rate of 6.58% is reached.
- (4) This mortgage has a contractual maturity date of October 11, 2030.
- (5) This asset was classified as held for sale at December 31, 2002. The related mortgage was included in liabilities related to assets held for sale on the accompanying balance sheet. The mortgage was repaid on March 26, 2003, upon sale of the property.
- (6) This asset was classified as held for sale at March 31, 2003. The related mortgage was included in liabilities related to assets held for sale on the accompanying balance sheet.
- (7) Excludes \$22,178 loan obtained to fund a structured finance transaction (see Note 5(2)).

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Principal Maturities

Combined aggregate principal maturities of mortgages and notes payable, secured and unsecured revolving credit facilities, unsecured term loan and the Company's share of joint venture debt as of March 31, 2003 are as follows:

	Scheduled Amortization	Principal Repayments	Revolving Credit Facilities	Term Loan	Total	Joint Venture Debt
2003	\$ 2,894	\$ 22,178	\$ —	\$ —	\$ 25,072	\$ 459
2004	4,059	290,015	—	—	294,074	321,866
2005	4,285	47,247	—	—	51,532	16,079
2006	4,370	—	51,000	—	55,370	608
2007	4,504	73,341	—	100,000	177,845	659
Thereafter	21,968	161,429	—	—	183,397	56,521
	\$ 42,080	\$ 594,210	\$ 51,000	\$ 100,000	\$ 787,290	\$ 396,192

Mortgage Recording Tax - Hypothecated Loan

The Operating Partnership mortgage tax credit loans totaled approximately \$96,051 from Lehman Brothers Holdings, Inc. ("LBHI") at December 31, 2002. These loans were collateralized by the mortgage encumbering the Operating Partnership's interests in 290 Madison 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 rates commensurate with that of a portfolio of six-month US Treasury securities, which will mature on May 15, 2003. 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 March 31, 2003. Under the terms of the LBHI facility, no fees are due to the lender until such time as the facility is utilized. When a preserved mortgage is assigned to a third party or is used by the Company in a financing transaction, finance costs are incurred and are only calculated at that time. These costs are then accounted for based on the nature of the transaction. If the mortgage credits are sold to a third party, the finance costs are written off directly against the gain on sale of the credits. If the mortgage credits are used by the Company, the finance costs are deferred and amortized over the term of the new related mortgage. The amortization period is dependent on the term of the new mortgage. The purpose of these loans is 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 level debt, or refinancings for which these credits would be applicable and provide a financial savings. At the same time, the underlying mortgage remains a bona-fide debt to LBHI. The loans are considered utilized when the loan balance of the facility decreases due to the assignment of the preserved mortgage to a property which the Company is acquiring with debt or is being financed by the Company, or to a third party for the same purposes. On February 7, 2003, the Company used \$35,000 of these mortgage tax credit loans as part of the refinancing of 673 First Avenue. An equivalent amount of the loan was repaid. Also on February 7, 2003, the Company sold \$50,335 of these mortgage tax credit loans to a third party, repaid an equivalent amount of the loan and realized a gain of \$276 from the sale. As of March 31, 2003, the facility had an available balance of \$10,716.

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10. Revolving Credit Facilities

Unsecured Revolving Credit Facility

On March 17, 2003, the Company renewed its \$300,000 unsecured revolving credit facility (the "Unsecured Revolving Credit Facility") from a group of 13 banks. The Company has a one-time option to increase the capacity under the Unsecured Revolving Credit Facility to \$375,000. The Unsecured Revolving Credit Facility has a term of three years with a one year extension option. It bears interest at a spread ranging from 130 basis points to 170 basis points over LIBOR, based on the Company's leverage ratio. If the Company was to receive an investment grade rating, the spread over LIBOR will be reduced to between 120 basis points and 95 basis points depending on the debt ratio. The Unsecured Revolving Credit Facility also requires a 15 to 25 basis point fee on the unused balance payable quarterly in arrears. At March 31, 2003, \$51,000 was outstanding and carried an effective quarterly weighted average interest rate of 2.96%. Availability under the Unsecured Revolving Credit Facility at March 31, 2003 was further reduced by the issuance of letters of credit in the amount of \$5,000 for acquisition deposits. The Unsecured Revolving Credit Facility includes certain restrictions and covenants (see restrictive covenants below).

Secured Revolving Credit Facility

On December 20, 2001, the Company repaid in full and retired the \$60,000 secured credit facility in connection with the Company obtaining a \$75,000 secured revolving credit facility (the "Secured Revolving Credit Facility"). The Secured Revolving Credit Facility has a term of two years with a one year extension option. It bears interest at the rate of 150 basis points over LIBOR and is secured by various structured financial investments. At March 31, 2003, nothing was outstanding under the Secured Revolving Credit Facility. The Secured Revolving Credit Facility includes certain restrictions and covenants which are similar to those under the Unsecured Revolving Credit Facility (see restrictive covenants below).

Term Loan

On December 5, 2002, the Company obtained a \$150 million unsecured term loan and drew down \$100,000 at that time. This unsecured term loan has a term of five years. It bears interest at the rate of 150 basis points over LIBOR. This unsecured term loan was used to pay down our secured and unsecured revolving credit facilities. The Company entered into two swap agreements to fix its exposure to the LIBOR rate on this loan. The LIBOR rates were fixed at 1.637% for the first year and 4.06% for years two through five for a blended rate of 5.06%.

Restrictive Covenants

The terms of the unsecured and secured revolving credit facilities and the term loan 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, and fixed charge coverage, the maximum 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 us to continue to qualify as a REIT for Federal Income Tax purposes, we 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% of funds from operations for such period, subject to certain other adjustments.

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, accounts payable, and revolving credit facilities balances reasonably approximate their fair values due to the short maturities of these items. Mortgage notes payable and the unsecured term loan have a fair value based on discounted cash flow models of approximately \$588,524, which exceeds the book value by \$32,412. Structured finance investments are carried at amounts which reasonably approximate their fair value since they are variable rate instruments whose interest rates reprice monthly.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of March 31, 2003. 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 April 1, 2003 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 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 March 31, 2003 are as follows:

	Wholly-Owned Properties	Joint Venture Properties
2003	\$ 229,436	\$ 135,765
2004	221,071	134,122
2005	206,913	128,299
2006	196,160	123,939
2007	168,901	116,497
Thereafter	721,322	306,973
	<u>\$ 1,743,803</u>	<u>\$ 945,595</u>

13. Related Party Transactions

Cleaning Services

First Quality Maintenance, L.P. provides cleaning, extermination and related services with respect to certain of the properties owned by the Company. First Quality is owned by Gary Green, a son of Stephen L. Green, the Company's Chairman of the Board and Chief Executive Officer. First Quality also provides additional services directly to tenants on a separately negotiated basis. The aggregate amount of fees paid by the Company to First Quality for services provided (excluding services provided directly to tenants) was approximately \$668 and \$653 for the three months ended March 31, 2003 and 2002, respectively. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at the Company's properties on a basis separately negotiated with any tenant seeking such additional services. First Quality leases 12,290 square feet of space at 70 West 36th Street pursuant to a lease that expires on December 31, 2005 and provides for annual rental payments of approximately \$273.

Security Services

Classic Security LLC provides security services with respect to certain properties owned by the Company. Classic Security is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees paid by the Company for such services was approximately \$710 and \$860 for the three months ended March 31, 2003 and 2002, respectively.

Messenger Services

Bright Star Couriers LLC provides messenger services with respect to certain properties owned by the Company. Bright Star Couriers is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees paid by the Company for such services was approximately \$7 and \$9 for the three months ended March 31, 2003 and 2002, respectively.

Leases

Nancy Peck and Company leases 2,013 feet of space at 420 Lexington Avenue, New York, New York pursuant to a lease that expires on June 30, 2005 and provides for annual rental payments of approximately \$63. Nancy Peck and Company is owned by Nancy Peck, the wife of Stephen L. Green. The rent due under the lease is offset against a consulting fee the Company pays to her under a consulting agreement.

Management Fees

S.L. Green Management Corp. receives property management fees from certain entities in which Stephen L. Green owns an interest. The aggregate amount of fees paid to S.L. Green Management Corp. from such entities was approximately \$101 and \$73 for the three months ended March 31, 2003 and 2002, respectively.

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Amounts due (to) from related parties at March 31, 2003 and December 31, 2002 consisted of the following:

	March 31, 2003	December 31, 2002
17 Battery Condominium Association	\$ (130)	\$ (203)
110 Condominium Association	(30)	233
Morgan Stanley Real Estate Funds	617	531
100 Park	—	347
One Park Realty Corp.	31	31
JV-CMBS	—	559
Officers	1,768	1,534
Other	2,957	1,836
Related party receivables	\$ 5,213	\$ 4,868

On January 17, 2001, Mr. Marc Holliday, the Company's President, received a non-recourse loan from us in the principal amount of \$1,000 pursuant to his amended and restated employment and noncompetition agreement. This loan bears interest at the applicable federal rate per annum and is secured by a pledge of certain of Mr. Holliday's shares of the Company's common stock. The principal of and interest on this loan is forgivable upon our attainment of specified financial performance goals prior to December 31, 2006, provided that Mr. Holliday remains employed by us until January 17, 2007. On April 17, 2000, Mr. Holliday received a loan from us in the principal amount of \$300, with a maturity date of July 17, 2003. This loan bears interest at a rate of 6.60% per annum and is secured by a pledge of certain of Mr. Holliday's shares of the Company's common stock. On May 14, 2002, Mr. Holliday entered into a loan modification agreement with the Company in order to modify the repayment terms of the \$300 loan. Pursuant to the agreement, \$100 (plus accrued interest thereon) is forgivable on each of January 1, 2004, January 1, 2005 and January 1, 2006, provided that Mr. Holliday remains employed by the Company through each of such date. In addition, the \$300 loan shall be forgiven if and when the \$1,000 loan that Mr. Holliday received pursuant to his amended and restated employment and noncompetition agreement is forgiven.

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14. Preferred Stock

The Company's 4,600,000 8% Preferred Income Equity Redeemable Shares ("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 have been reserved for issuance. The PIERS receive annual dividends of \$2.00 per share paid on a quarterly basis and dividends are cumulative, subject to certain provisions. On or after July 15, 2003, the PIERS may be redeemed into common stock 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 Company may pay the redemption price out of the sale proceeds of other shares of stock of the Company. 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. Stockholders' Equity

Common Stock

The authorized capital stock of the Company consists of 200,000,000 shares, \$0.01 par value, of which the Company has authorized the issuance of up to 100,000,000 shares of common stock, \$0.01 par value per share, 75,000,000 shares of Excess Stock, at \$0.01 par value per share, and 25,000,000 shares of Preferred Stock, par value \$0.01 per share. As of March 31, 2003, 30,939,321 shares of common stock and no shares of Excess Stock were issued and outstanding.

Rights Plan

On February 16, 2000, the Board of Directors of the Company authorized a distribution of one preferred share purchase right ("Right") for each outstanding share of common stock under a shareholder rights plan. This distribution was made to all holders of record of the common stock on March 31, 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 common 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.

Dividend Reinvestment and Stock Purchase Plan

The Company filed a registration statement with the Securities and Exchange Commission, or the SEC, for the Company's dividend reinvestment and stock purchase plan ("DRIP") which was declared effective on September 10, 2001, and commenced on September 24, 2001. The Company registered 3,000,000 shares of common stock under the DRIP.

As of March 31, 2003, 119 shares were issued and \$4 of proceeds were received from dividend reinvestments and/or stock purchases under the DRIP.

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Stock Option Plan

During August 1997, the Company instituted the 1997 Stock Option and Incentive Plan (the "Stock Option Plan"). The Stock Option Plan was amended in December 1997, March 1998, March 1999 and May 2002. The Stock Option Plan, as amended, 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 qualify ("NQSOs"), (iii) the grant of stock options in lieu of cash Directors' fees and (iv) grants of shares of restricted and unrestricted common stock. 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. At March 31, 2003, approximately 5,150,776 shares of common stock were reserved for issuance under the Stock Option Plan.

Options granted under the 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 generally exercisable in three to five annual installments commencing one year from the date of grant.

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

A summary of the status of the Company's stock options as of March 31, 2003 and changes during the quarter then ended is presented below:

	Options Outstanding	Weighted Average Exercise Price
Balance at beginning of year	3,278,663	\$ 25.49
Granted	—	—
Exercised	173,831	\$ 20.65
Lapsed or cancelled	—	—
Balance at end of quarter	3,104,832	\$ 25.76
Options exercisable at end of quarter	1,280,571	

All options were granted within a price range of \$18.44 to \$34.99. The remaining weighted average contractual life of the options was 7.77 years.

The compensation cost under SFAS 123 for the stock performance-based plan using the Black-Scholes option-pricing model would have been \$354 and \$510 for the three months ended March 31, 2003 and 2002, respectively. Had compensation cost for the Company's grants for stock-based compensation plans been determined consistent with SFAS 123, the Company's net income and net income per common share for the three months ended March 31, 2003 and 2002 would approximate the pro forma amounts below:

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	Three Months Ended March 31,	
	2003	2002
Net income available to common shareholders	\$ 33,916	\$ 15,213
Stock-based compensation expense	(354)	(510)
Pro-forma net income available to common shareholders	\$ 33,562	\$ 14,703
Basic earnings per common share	\$ 1.11	\$ 0.51
Basic earnings per share-pro-forma	\$ 1.09	\$ 0.49
Diluted earnings per common share	\$ 1.01	\$ 0.50
Diluted earnings per common share-pro-forma	\$ 1.01	\$ 0.48

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

Earnings Per Share

Earnings per share is computed as follows (in thousands):

Numerator (Income)	2003	2002
Basic Earnings:		
Income available to common shareholders	\$ 33,916	\$ 15,213
Effect of Dilutive Securities:		
Redemption of units to common shares	2,520	1,152

Preferred Stock (if converted to common stock)	2,431	—
Stock options	—	—
Diluted Earnings:		
Income available to common shareholders	<u>\$ 38,867</u>	<u>\$ 16,365</u>
Denominator (Shares)	2003	2002
Basic Shares:		
Shares available to common shareholders	30,706	29,992
Effect of Dilutive Securities:		
Redemption of units to common shares	2,280	2,271
Preferred Stock (if converted to common stock)	4,699	—
Stock options	497	642
Diluted Shares	<u>38,182</u>	<u>32,905</u>

The PIERS outstanding in 2003 and 2002 were not included in the 2002 computation of earnings per share as they were anti-dilutive during that period.

16. Minority Interest

On February 13, 2003, the Operating Partnership issued 376,000 units of limited partnership interest in connection with the acquisition of 220 East 42nd Street.

On March 28, 2003, the Operating Partnership issued 51,667 units of limited partnership interest in connection with the acquisition of condominium interests in 125 Broad Street.

The unit holders represent the minority interest ownership in the Operating Partnership. As of March 31, 2003 and 2002, the minority interest unit holders owned 7.2% (2,404,066 units) and 7.0% (2,271,404 units) of the Operating Partnership, respectively. At March 31, 2003, 2,404,066 shares of Common Stock were reserved for the conversion of units of limited partnership interest in the Operating Partnership.

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17. 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 \$634 and \$625 during the three months ended March 31, 2003 and 2002, 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.

Deferred Compensation Award

Contemporaneous with the closing of 1370 Avenue of the Americas, Manhattan an award of \$2,833 was granted to several members of management, which was earned in connection with the realization of this investment gain (\$5,624 net of the award). This award, which was paid out over a three-year period, was presented as Deferred compensation award on the balance sheet. As of March 31, 2003, the complete award had been paid.

18. 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 or the Operating Partnership.

On October 24, 2001, an accident occurred at 215 Park Avenue South, Manhattan, a property which the Company manages, but does not own. Personal injury claims have been filed against the Company and others by 11 persons. The Company believes that there is sufficient insurance coverage to cover the cost of such claims, as well as any other personal injury or property claims which may arise.

The Company has entered into employment agreements with certain executives. Six executives have employment agreements which expire between November 2003 and December 2007. The cash based compensation associated with these employment agreements totals approximately \$2,125 for 2003.

During March 1998, the Company acquired an operating sub-leasehold position at 420 Lexington Avenue, Manhattan. 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). The ground lease and sub-leasehold positions expire 2008. The Company may extend the positions through 2029 at market rents.

The property located at 1140 Avenue of the Americas, Manhattan, 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, Manhattan, 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 which increased to \$3,100 in July 2001 and will continue for the next ten years. The ground rent is reset after year ten based on the estimated fair market value of the property.

The property located at 125 Broad Street, Manhattan, operates under a ground lease (\$1,075 annually) with a term expiration date of December 31, 2067 and with an option to renew for an additional five years and six months.

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In April 1988, the SL Green predecessor entered into a lease agreement for property at 673 First Avenue, Manhattan (“673 First Avenue”), 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.

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 \$3,685, and \$3,579 at March 31, 2003 and December 31, 2002, 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 March 31, 2003.

	Capital Leases	Noncancellable Operating Leases
2003	\$ 1,215	\$ 10,061
2004	1,290	13,057
2005	1,290	13,057
2006	1,322	13,057
2007	1,416	13,057
Thereafter	56,406	362,928
Total minimum lease payments	62,939	425,217
Less amount representing interest	47,002	—
Present value of net minimum lease payments	\$ 15,937	\$ 425,217

19. Financial Instruments: Derivatives and Hedging

FASB No. 133, “Accounting for Derivative Instruments and Hedging Activities,” (“SFAS 133”) which became effective January 1, 2001 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. SFAS 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 following table summarizes the notional and fair value of the Company’s derivative financial instruments at March 31, 2003. The notional value is an indication of the extent of the Company’s involvement in these instruments at that time, but does not represent exposure to credit, interest rate or market risks.

	Notional Value	Strike Rate	Effective Date	Expiration Date	Fair Value
Interest Rate Collar	\$ 70,000	6.580%	2/1999	11/2004	\$ (4,907)
Interest Rate Swap	\$ 65,000	4.010%	10/2001	8/2005	(3,258)
Interest Rate Swap	\$ 100,000	1.637%	12/2002	12/2003	(323)
Interest Rate Swap	\$ 100,000	4.060%	12/2003	12/2007	(3,065)

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On March 31, 2003, the derivative instruments were reported as an obligation at their fair value of \$11,553. Offsetting adjustments are represented as deferred gains or losses in Accumulated Other Comprehensive Loss of \$11,375. Currently, all derivative instruments are designated as effective hedging instruments.

Over time, the unrealized gains and losses held in Accumulated Other Comprehensive Loss will be reclassified into earnings as interest expense in the same periods in which the hedged interest payments affect earnings. The Company estimates that approximately \$2,828 of the current balance held in Accumulated Other Comprehensive Loss will be reclassified into earnings within the next twelve months.

The Company is not currently hedging exposure to variability in future cash flows for forecasted transactions other than anticipated future interest payments on existing debt.

20. Environmental Matters

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 it 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.

21. Segment Information

The Company is a REIT engaged in owning, managing, leasing and repositioning office properties in Manhattan and has two reportable segments, office real estate and structured finance investments. The Company evaluates real estate performance and allocates resources based on earnings contribution to net operating income.

The Company’s real estate portfolio is primarily located in the 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). See Note 5 for additional details on the Company’s structured finance investments.

Selected results of operations for the quarters ended March 31, 2003 and 2002, and selected asset information as of March 31, 2003 and December 31, 2002, regarding the Company's operating segments are as follows:

	Real Estate Segment	Structured Finance Segment	Total Company
Total revenue			
Three months ended:			
March 31, 2003	\$ 63,766	\$ 4,917	\$ 68,683
March 31, 2002	53,741	5,631	59,372
Operating earnings			
Three months ended:			
March 31, 2003	\$ 14,762	\$ 4,023	\$ 18,785
March 31, 2002	14,076	4,117	18,193
Total assets			
March 31, 2003	\$ 1,641,323	\$ 114,496	\$ 1,755,819
December 31, 2002	1,327,530	145,640	1,473,170

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Operating earnings represents total revenues less total expenses for the real estate segment and total revenues less allocated interest expense for the structured finance segment. The Company does not allocate marketing, general and administrative expenses (\$3,186 and \$3,202, for the three months ended March 31, 2003 and 2002, respectively) to the structured finance segment, since it bases performance on the individual segments prior to allocating marketing, general and administrative expenses. All other expenses, except interest, relate entirely to the real estate assets.

There were no transactions between the above two segments.

The table below reconciles operating earnings to net income available to common shareholders for the three months ended March 31, 2003 and 2002.

	Quarter Ended March 31,	
	2003	2002
Operating earnings	\$ 18,785	\$ 18,193
Minority interest in operating partnership attributable to continuing operations	(1,132)	(1,110)
Income from continuing operations	17,653	17,083
Income from discontinued operations, net of minority interest	18,694	553
Net income	36,347	17,636
Preferred stock dividends	(2,300)	(2,300)
Preferred stock accretion	(131)	(123)
Net income available to common shareholders	\$ 33,916	\$ 15,213

22. Supplemental Disclosure of Non-Cash Investing and Financing Activities

	2003	2002
Issuance of common stock as deferred compensation	\$ 4,278	\$ —
Derivative instruments at fair value	11,553	10,962
Issuance of units of limited partnership interest in connection with acquisition	12,845	—
Assumption of mortgage notes payable upon acquisition of real estate	234,641	—
Fair value of above and below market leases (SFAS No. 141) in connection with acquisition	15,800	—
Fair value of debt assumed (SFAS No. 141) in connection with acquisition	7,266	—
Redemption premium purchase price adjustment	4,380	—

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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 (the "Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements relate to, without limitation, our future capital expenditures, dividends and acquisitions (including the amount and nature thereof) and other development trends of the real estate industry and the Manhattan office market, business strategies, and the expansion and growth of our operations. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Act and Section 21E of the Exchange Act. Such statements are subject to a number of assumptions, risks and uncertainties which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements are generally identifiable by the use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," "project," "continue," or the negative of these words, or other similar words or terms. Readers are cautioned not to place undue reliance on these forward-looking statements. Among the factors about which we have made assumptions are general economic and business (particularly real estate) conditions either nationally or in New York City being less favorable than expected, the potential impact of terrorist attacks on the national, regional and local economies including in particular, the New York City area and our tenants, the business opportunities that may be presented to and pursued by us, changes in laws or regulations (including changes to laws governing the taxation of REITs), risk of acquisitions, availability of capital (debt and equity), interest rate

fluctuations, competition, supply and demand for properties in our current and any proposed market areas, tenants' ability to pay rent at current or increased levels, accounting principles, policies and guidelines applicable to REITs, environmental risks, tenant bankruptcies and defaults, the availability and cost of comprehensive insurance, including coverage for terrorist acts, and other factors, many of which are beyond our control. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of future events, new information or otherwise.

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. Unless the context requires otherwise, all references to "we," "our", and "us" means the Company and all entities owned or controlled by the Company, including the Operating Partnership.

The following discussion related to our consolidated financial statements should be read in conjunction with the financial statements appearing elsewhere in this report and the financial statements included in our annual report on Form 10-K.

As of March 31, 2003, we owned of 20 commercial properties encompassing approximately 8.23 million rentable square feet located primarily in midtown Manhattan ("Manhattan"), a borough of New York City. We refer to these properties as our wholly-owned properties. As of March 31, 2003, the weighted average occupancy (total leased square feet divided by total available square feet) of our wholly-owned properties was 96.3%. Our portfolio (the "Portfolio") also includes ownership interests in unconsolidated joint ventures which own six commercial properties in Manhattan, encompassing approximately 4.64 million rentable square feet. These properties were 94.1% occupied as of March 31, 2003. We also own one triple-net leased property located in Shelton, Connecticut ("Shaws"). In addition, we continue to manage three office properties owned by third-parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

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Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, and contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We evaluate our assumptions and estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Rental Property

On a periodic basis, our management team assesses whether there are any indicators that the value of our real estate properties, including joint venture properties and assets held for sale, and structured finance investments may be impaired. If the carrying amount of the property is greater than the estimated expected future cash flow (undiscounted and without interest charges) of the asset, impairment has occurred. We will then record an impairment loss equal to the difference between the carrying amount and the fair value of the asset. We do not believe that the value of any of our real estate properties or structured finance investments were impaired at March 31, 2003 and December 31, 2002.

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. We establish, on a current basis, an allowance for future potential tenant credit losses, which may occur against this account. The balance reflected on the balance sheet is net of such allowance.

Interest income on structured finance investments is recognized over the life of the investment using the effective interest method and recognized on the accrual basis. Fees received in connection with loan commitments are deferred until the loan is funded and are then recognized over the term of the loan as an adjustment to yield. Anticipated exit fees are also recognized over the term of the loan as an adjustment to yield. Fees on commitments that expire unused are recognized at expiration.

Income recognition is generally suspended for loans at the earlier of the date at which payments become 90 days past due or when, in the opinion of management, a full recovery of income and principal becomes doubtful. Income recognition is resumed when the loan becomes contractually current and performance is demonstrated to be resumed.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our tenants to make required rent payments. If the financial condition of a specific tenant were to deteriorate, resulting in an impairment of its ability to make payments, additional allowances may be required.

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Reserve for Possible Credit Losses

The reserve for possible credit losses in connection with structured finance investments is the charge to earnings to increase the allowance for possible credit losses to the level that we estimate to be adequate considering delinquencies, loss experience and collateral quality. Other factors considered relate to geographic trends and product diversification, the size of the portfolio and current economic conditions. Based upon these factors, we establish the provision for possible credit losses by category of asset. When it is probable that we will be unable to collect all amounts contractually due, the account is considered impaired.

Where impairment is indicated, a valuation write-down or write-off is measured based upon the excess of the recorded investment amount over the net fair value of the collateral, as reduced by selling costs. Any deficiency between the carrying amount of an asset and the net sales price of repossessed collateral is charged to the allowance for credit losses. No reserve for impairment was required at March 31, 2003 or December 31, 2002.

Derivative Financial Instruments

In the normal course of business, we use a variety of derivative financial instruments to manage, or hedge, interest rate risk. We require that hedging derivative instruments are effective in reducing the interest rate risk exposure that they are designated to hedge. This effectiveness is essential for qualifying for hedge accounting. Some derivative instruments are associated with an anticipated transaction. In those cases, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the derivative contract.

To determine the fair values of derivative instruments, we use a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date. For the majority of financial instruments including most derivatives, long-term investments and long-term debt, standard market conventions and techniques such as discounted cash flow analysis, option-pricing models, replacement cost, and termination cost are used to determine fair value. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

Results of Operations

Comparison of the three months ended March 31, 2003 to the three months ended March 31, 2002

The following comparison for the three months ended March 31, 2003 ("2003") to the three months ended March 31, 2002 ("2002") makes reference to the following: (i) the effect of the "Same-Store Properties," which represents all properties owned by us at January 1, 2002 and at March 31, 2003 and total 18 of our 20 wholly-owned properties, representing approximately 81% of our annualized rental revenue, (ii) the effect of the "2003 Acquisitions," which represents all properties acquired in 2003, namely, 220 East 42nd Street (February 2003) and 125 Broad Street (March 2003), and (iii) "Other," which represents corporate level items not allocable to specific properties and eMerge. Assets classified as held for sale, namely 50 West 23rd Street and Shaws, are excluded from the following discussion.

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Rental Revenues (in millions)	2003	2002	\$ Change	% Change
Rental revenue	\$ 53.3	\$ 45.8	\$ 7.5	16.4%
Escalation and reimbursement revenue	8.5	6.5	2.0	30.8%
Signage revenue	0.3	0.5	(0.2)	(40.0)%
Total	\$ 62.1	\$ 52.8	\$ 9.3	17.6%
Same-Store Properties	\$ 56.3	\$ 53.2	\$ 3.1	5.8%
2003 Acquisitions	5.1	—	5.1	—
Other	0.7	(0.4)	1.1	275.0%
Total	\$ 62.1	\$ 52.8	\$ 9.3	17.6%

Rental revenue in the Same-Store Properties increased due to an increase in occupancy from 96.5% in 2002 to 96.8% in 2003. The revenue increase is primarily due to new rents on previously occupied space by new tenants at Same-Store Properties being 31% higher than the previously fully escalated rent (i.e., the highest rent paid on the same space by the old tenant).

At March 31, 2003, we estimated that the current market rents on our wholly-owned properties were approximately 7.6% higher than then existing in-place fully escalated rents. Approximately 7.3% of the space leased at wholly-owned properties expires during the remainder of 2003. We believe that occupancy rates will remain relatively flat at the Same-Store Properties in 2003.

The increase in escalation and reimbursement revenue was primarily due to the recoveries at the Same-Store Properties (\$1.1 million) and the 2003 Acquisitions (\$0.6 million). On an annualized basis, we recovered approximately 93% of our electric costs at our Same-Store Properties.

Investment and Other Income (in millions)	2003	2002	\$ Change	% Change
Equity in net income of unconsolidated joint ventures	\$ 4.2	\$ 3.3	\$ 0.9	27.3%
Investment and preferred equity income	4.9	5.6	(0.7)	(12.5)%
Other	1.7	1.0	0.7	70.0%
Total	\$ 10.8	\$ 9.9	\$ 0.9	9.1%

The increase in equity in net income of unconsolidated joint ventures was primarily due to 1515 Broadway being included for three months in 2003 and none in 2002. This was partially offset by 469 Seventh Avenue, which was sold in June 2002. Occupancy at the joint venture properties decreased from 98.1% in 2002 to 94.1% in 2003. At March 31, 2003, we estimated that current market rents at our joint venture properties were approximately 17.2% higher than then existing in-place fully escalated rents. Approximately 4.7% of the space leased at joint venture properties expires during the remainder of 2003.

The decrease in investment income primarily represents interest income from structured finance transactions (\$0.6 million) primarily due to lower weighted average loan balances outstanding. The weighted average loan balance outstanding and yield were \$125.2 million and 12.4%, respectively, for 2003 compared to \$189.0 million and 12.6%, respectively, for 2002. In addition, there was a decrease in interest income from cash on hand (\$0.1 million).

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The increase in other income was primarily due to asset management fees earned from joint ventures (\$0.4 million). The balance of the increase was due to a gain on the sale of mortgage recording tax credits (\$0.3 million).

Property Operating Expenses (in millions)	2003	2002	\$ Change	% Change
Operating expenses (excluding electric)	\$ 13.5	\$ 10.2	\$ 3.3	32.4%
Electric costs	3.6	3.1	0.5	16.1%

Real estate taxes	10.0	7.1	2.9	40.9%
Ground rent	3.2	3.2	—	—
Total	\$ 30.3	\$ 23.6	\$ 6.7	28.4%
Same-Store Properties	\$ 27.3	\$ 23.1	\$ 4.2	18.2%
2003 Acquisitions	2.2	—	2.2	—
Other	0.8	0.5	0.3	60.0%
Total	\$ 30.3	\$ 23.6	\$ 6.7	28.4%

Same-Store Properties operating expenses, excluding real estate taxes, increased approximately \$2.1 million. There were increases in insurance (\$0.7 million), advertising, professional and management costs (\$0.3 million), repairs, maintenance and cleaning expenses (\$0.2 million) and steam and heating costs (\$1.0 million).

The increase in electric costs was primarily due to higher electric usage in 2003 compared to 2002 as well as an increase in the number of wholly-owned properties owned.

The increase in real estate taxes was primarily attributable to the Same-Store Properties (\$2.1 million) due to higher assessed property values and tax rates and the 2003 Acquisitions (\$0.8 million).

Other Expenses (in millions)	2003	2002	\$ Change	% Change
Interest expense	\$ 9.7	\$ 8.4	\$ 1.3	15.5%
Depreciation and amortization expense	10.9	9.3	1.6	17.2%
Marketing, general and administrative expense	3.2	3.2	—	—
Total	\$ 23.8	\$ 20.9	\$ 2.9	13.9%

The increase in interest expense was primarily attributable to costs associated with new investment activity (\$1.6 million), and the funding of ongoing capital projects and working capital requirements (\$0.1 million). This was partially offset by lower average debt levels due to dispositions (\$0.5 million) and reduced interest costs on floating rate debt (\$0.1 million), due to the weighted average interest rate decreasing from 6.71% at March 31, 2002 to 5.6% at March 31, 2003 and the weighted average debt balance increasing from \$509.3 million to \$653.3 million for these same periods.

Marketing, general and administrative expense was relatively stable in both periods. We have reduced our marketing, general and administrative costs to 4.6% of total revenues in 2003 compared to 5.4% in 2002.

Liquidity and Capital Resources

We currently expect that our principal sources of working capital and funds for acquisition and redevelopment of properties and for structured finance investments will include: (1) cash flow from operations; (2) borrowings under our secured and unsecured revolving credit facilities; (3) other forms of secured or unsecured financing; (4) proceeds from common or preferred equity or debt offerings by us or the Operating Partnership (including issuances of units of limited partnership interest in the Operating Partnership); and (5) net proceeds from divestitures of properties. Additionally, we believe that our joint venture investment programs will also continue to serve as a source of capital for acquisitions and structured finance investments. We believe that our sources of working capital, specifically our cash flow from operations and borrowings available under our unsecured and secured revolving credit facilities, and our ability to access private and public debt and equity capital, are adequate for us to meet our short-term and long-term liquidity requirements for the foreseeable future.

Cash Flows

Net cash provided by operating activities decreased \$10.7 million to \$14.0 million for the three months ended March 31, 2003 compared to \$24.7 million for the three months ended March 31, 2002. Operating cash flow was primarily generated by the Same-Store Properties and 2003 Acquisitions, as well as the structured finance investments, but was reduced by the decrease in operating cash flow from properties sold in 2003.

Net cash provided by investing activities increased \$10.7 million to \$7.0 million for the three months ended March 31, 2003 compared to \$3.7 million for the three months ended March 31, 2002. The increase was due primarily to the sale of 50 West 23rd Street (\$62.5 million). This was offset by an increase in acquisitions and capital improvements in 2003 (\$19.0 million and \$4.1 million, respectively) as compared to 2002 (none and \$5.8 million, respectively). This relates primarily to the acquisitions of 220 East 42nd Street and condominium interests in 125 Broad Street. In addition, these were net redemptions of structured finance investments (\$22.3 million). The Company did not close on any new joint venture or structured finance investments during the 2002 quarter.

Net cash used in financing activities increased \$32.6 million to \$54.4 million for the three months ended March 31, 2003 compared to \$21.8 million for the three months ended March 31, 2002. The increase was primarily due to higher borrowing requirements due to the increase in acquisitions, which were funded with mortgage debt and draws under the line of credit.

Capitalization

As of March 31, 2003, we had 30,939,321 shares of common stock, 2,404,066 units of limited partnership interest in the Operating Partnership units and 4,600,000 preferred income equity redeemable shares outstanding.

We currently have the ability to issue up to an aggregate amount of \$251 million of our common and preferred stock under our existing effective registration statement.

Rights Plan

We adopted a shareholder rights plan which provides, among other things, that when specified events occur, our shareholders will be entitled to purchase from us a new created series of junior preferred shares, subject to our ownership limit described below. The preferred share purchase rights are triggered by the earlier to occur of (1) ten days after the date of a purchase announcement that a person or group acting in concert has acquired, or obtained the right to acquire, beneficial ownership of 17% or more of our outstanding shares of common stock or (2) ten business days after the commencement of or

announcement of an intention to make a tender offer or exchange offer, the consummation of which would result in the acquiring person becoming the beneficial owner of 17% or more of our outstanding common stock. The preferred share purchase rights would cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our board of directors.

Dividend Reinvestment and Stock Purchase Plan

We filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan ("DRIP") which was declared effective on September 10, 2001. The DRIP commenced on September 24, 2001. We registered 3,000,000 shares of common stock under the DRIP.

As of March 31, 2003, we issued 119 common shares and received approximately \$4,000 of proceeds from dividend reinvestments and/or stock purchases under the DRIP.

Indebtedness

At March 31, 2003, borrowings under our mortgage loans, secured and unsecured revolving credit facilities and unsecured term loan (excluding our share of joint venture debt of \$396.2 million) represented 40.98% of our market capitalization of \$1.9 billion (based on a common stock price of \$30.56 per share, the closing price of our common stock on the New York Stock Exchange on March 31, 2003). Market capitalization includes consolidated debt, common and preferred stock and conversion of all units of limited partnership interest in our Operating Partnership, but excludes our share of joint venture debt.

The table below summarizes our mortgage debt, including a \$14.8 million mortgage on an asset held for sale, secured and unsecured revolving credit facilities and unsecured term loan outstanding at March 31, 2003 and December 31, 2002, respectively (in thousands).

	March 31, 2003	December 31, 2002
Debt Summary:		
Balance		
Fixed rate	\$ 323,028	\$ 232,972
Variable rate – hedged	233,084	233,254
Total fixed rate	556,112	466,226
Variable rate	209,000	74,000
Variable rate – supporting variable rate assets	22,178	22,178
Total variable rate	231,178	96,178
Total	\$ 787,290	\$ 562,404
Percent of Total Debt:		
Total fixed rate	70.64%	82.90%
Variable rate	29.36%	17.10%
Total	100.00%	100.00%
Effective Interest Rate For The Quarter:		
Fixed rate	6.89%	7.90%
Variable rate	3.01%	3.00%
Effective interest rate	5.75%	7.06%

The variable rate debt shown above bears interest at an interest rate based on LIBOR (1.30% at March 31, 2003). Our debt on our wholly-owned properties at March 31, 2003 had a weighted average term to maturity of approximately 6.2 years.

As of March 31, 2003, we had five variable rate structured finance investments collateralizing the secured revolving credit facility. These structured finance investments, totaling \$63.4 million, partially mitigate our exposure to interest rate changes on our unhedged variable rate debt.

Mortgage Financing

As of March 31, 2003, our total mortgage debt (excluding our share of joint venture debt of approximately \$396.2 million) consisted of approximately \$456.1 million of fixed rate debt with an effective weighted average interest rate of approximately 7.71% and \$158.0 million of unhedged variable rate debt with an effective weighted average interest rate of approximately 3.12%.

Revolving Credit Facilities

Unsecured Revolving Credit Facility

We currently have a \$300.0 million unsecured revolving credit facility, which matures in March 2006. This facility has an automatic one-year extension option provided that there are no events of default under the loan agreement. At March 31, 2003, \$51.0 million was outstanding under this unsecured revolving credit facility and carried an effective quarterly weighted average interest rate of 2.96%. Availability under this unsecured revolving credit facility at March 31, 2003 was further reduced by the issuance of letters of credit in the amount of \$5.0 million for acquisition deposits.

Secured Revolving Credit Facility

We also have a \$75.0 million secured revolving credit facility, which matures in December 2003. This secured revolving credit facility has an automatic one-year extension option provided that there are no events of default under the loan agreement. This secured revolving credit facility is secured by various structured finance investments. At March 31, 2003, there was no balance outstanding under this secured revolving credit facility.

Term Loan

On December 5, 2002, we obtained a \$150.0 million unsecured term loan. This new unsecured term loan matures on December 5, 2007. We immediately borrowed \$100.0 million under this term loan to repay approximately \$100.0 million of the outstanding balance under our 2000 unsecured revolving credit facility. As of March 31, 2003, we had \$100.0 million outstanding under the unsecured term loan at the rate of 150 basis points over LIBOR. To limit our exposure to the variable LIBOR rate we entered into two swap agreements to fix the LIBOR rate on the outstanding balance on unsecured term loan. The LIBOR rates were fixed at 1.637% for the first year and 4.06% for years two through five for a blended all-in rate of 5.06%. Under the terms of this unsecured term loan, at any time prior to December 5, 2005, we have an option to increase the total commitment to \$200.0 million.

Restrictive Covenants

The terms of our unsecured and secured revolving credit facilities and term loan 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 maximum 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 us to continue to qualify as a REIT for Federal income tax purposes, we 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% of funds from operations for such period, subject to certain other adjustments. As of March 31, 2003, we were in compliance with all such covenants.

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Market Rate Risk

We are exposed to changes in interest rates primarily from our floating rate debt arrangements. We use interest rate derivative instruments to manage exposure to interest rate changes. A hypothetical 100 basis point increase in interest rates along the entire interest rate curve for 2003 would increase our annual interest cost by approximately \$2.5 million and would increase our share of joint venture annual interest cost by approximately \$1.6 million, respectively.

We 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 is immediately recognized in earnings.

Approximately \$556.1 million of our 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 interest rate on our variable rate debt and joint venture debt as of March 31, 2003 ranged from LIBOR plus 100 basis points to LIBOR plus 450 basis points.

Summary of Indebtedness

Combined aggregate principal maturities of mortgages and notes payable, including a \$14.8 million mortgage on an asset held for sale, revolving credit facilities, term loan and our share of joint venture debt as of March 31, 2003 are as follows:

	Scheduled Amortization	Principal Repayments	Revolving Credit Facilities	Term Loan	Total	Joint Venture Debt
2003	\$ 2,894	\$ 22,178	\$ —	\$ —	\$ 25,072	\$ 459
2004	4,059	290,015	—	—	294,074	321,866
2005	4,285	47,247	—	—	51,532	16,079
2006	4,370	—	51,000	—	55,370	608
2007	4,504	73,341	—	100,000	177,845	659
Thereafter	21,968	161,429	—	—	183,397	56,521
	<u>\$ 42,080</u>	<u>\$ 594,210</u>	<u>\$ 51,000</u>	<u>\$ 100,000</u>	<u>\$ 787,290</u>	<u>\$ 396,192</u>

Related Party Transactions

Cleaning Services

First Quality Maintenance, L.P. provides cleaning, extermination and related services with respect to certain of the properties owned by us. First Quality is owned by Gary Green, a son of Stephen L. Green, our Chairman of the Board and Chief Executive Officer. First Quality also provides additional services directly to tenants on a separately negotiated basis. The aggregate amount of fees paid by us to First Quality for services provided (excluding services provided directly to tenants) was approximately \$0.7 million and \$0.7 million for the three months ended March 31, 2003 and 2002, respectively. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. First Quality leases 12,290 square feet of space at 70 West 36th Street pursuant to a lease that expires on December 31, 2005 and provides for annual rental payments of approximately \$273,000.

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Security Services

Classic Security LLC provides security services with respect to certain properties owned by us. Classic Security is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees paid by us for such services was approximately \$0.7 million and \$0.9 million for the three months ended March 31, 2003 and 2002, respectively.

Messenger Services

Bright Star Couriers LLC provides messenger services with respect to certain properties owned by us. Bright Star Couriers is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees paid by us for such services was approximately \$7,000 and \$9,000 for the three months ended March 31, 2003 and 2002, respectively.

Leases

Nancy Peck and Company leases 2,013 feet of space at 420 Lexington Avenue, New York, New York pursuant to a lease that expires on June 30, 2005 and provides for annual rental payments of approximately \$63,000. Nancy Peck and Company is owned by Nancy Peck, the wife of Stephen L. Green. The rent due under the lease is offset against a consulting fee we pay to her under a consulting agreement.

Management Indebtedness

On January 17, 2001, Mr. Marc Holliday, our President, received a non-recourse loan from us in the principal amount of \$1,000,000 pursuant to his amended and restated employment and noncompetition agreement. This loan bears interest at the applicable federal rate per annum and is secured by a pledge of certain of Mr. Holliday's shares of our common stock. The principal of and interest on this loan is forgivable upon our attainment of specified financial performance goals prior to December 31, 2006, provided that Mr. Holliday remains employed by us until January 17, 2007. On April 17, 2000, Mr. Holliday received a loan from us in the principal amount of \$300,000, with a maturity date of July 17, 2003. This loan bears interest at a rate of 6.60% per annum and is secured by a pledge of certain of Mr. Holliday's shares of our common stock. On May 14, 2002, Mr. Holliday entered into a loan modification agreement with us in order to modify the repayment terms of the \$300,000 loan. Pursuant to the agreement, \$100,000 (plus accrued interest thereon) is forgivable on each of January 1, 2004, January 1, 2005 and January 1, 2006, provided that Mr. Holliday remains employed by us through each of such date. In addition, the \$300,000 loan shall be forgiven if and when the \$1,000,000 loan that Mr. Holliday received pursuant to his amended and restated employment and noncompetition agreement is forgiven.

Management Fees

S.L. Green Management Corp. receives property management fees from certain entities in which Stephen L. Green owns an interest. The aggregate amount of fees paid to S.L. Green Management Corp. from such entities was approximately \$101,000 and \$73,000 for the three months ended March 31, 2003 and 2002, respectively.

Insurance

The real estate industry has been experiencing a significant change in the property insurance markets that has resulted in significantly higher premiums for landlords whose policies are subject to renewal in 2003, primarily in the area of terrorism insurance coverage. We carry comprehensive all risk (fire, flood, extended coverage and rental loss insurance) and liability insurance with respect to our property portfolio. This policy has a limit of \$300 million of terrorism coverage for most of the properties in our portfolio and expires in October 2003. Additionally, a joint venture property we recently purchased for a gross purchase price of \$483.5 million, 1515 Broadway, has stand-alone insurance coverage, which provides for full all risk coverage but has a limit of \$250 million in terrorism coverage. This policy will expire in May 2003. We are currently in the market to renew this policy. While we believe our insurance coverage is adequate, in the event of a major catastrophe resulting from an act of terrorism, we may not have sufficient coverage to replace a significant property. We do not know if sufficient insurance coverage will be available when the current policies expire, nor do we know the costs for obtaining renewal policies containing terms similar to our current policies. In addition, our policies may not cover properties that we may acquire in the future, and additional insurance may need to be obtained prior to October 2003.

Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), ground leases and our secured and unsecured revolving credit facilities and unsecured term loan, contain customary covenants requiring us to maintain insurance. There can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from all risk insurance coverage for losses due to terrorist acts is a breach of these debt and ground lease instruments that allows the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions. In addition, if lenders insist on full coverage for these risks, it could adversely affect our ability to finance and/or refinance our properties and to expand our portfolio.

Capital Expenditures

We estimate that for the nine months ending December 31, 2003, we will incur approximately \$26.8 million of capital expenditures (including tenant improvements and leasing commissions) on currently owned wholly-owned properties and our share of capital expenditures at our joint venture properties will be approximately \$14.7 million. Of those total capital expenditures, approximately \$3.7 million for wholly-owned properties and \$3.9 million of our share of capital expenditures at joint venture properties are dedicated to redevelopment costs, including New York City local law 11. We expect to fund these capital expenditures with operating cash flow, borrowings under our credit facilities, additional property level mortgage financings, and cash on hand. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs. We expect that these financing requirements will be met in a similar fashion. We believe that we will have sufficient resources to satisfy our capital needs during the next 12-month period. Thereafter, we expect that our capital needs will be met through a combination of net cash provided by operations, borrowings, potential asset sales or additional equity or debt issuances.

Dividends

We expect to pay dividends to our stockholders based on the distributions we receive from the Operating Partnership primarily from property revenues net of operating expenses or, if necessary, from working capital or borrowings.

To maintain our qualification as a REIT, we must pay annual dividends to our stockholders of at least 90% of our REIT taxable income, determined before taking into consideration the dividends paid deduction and net capital gains. We intend to continue to pay regular quarterly dividends to our stockholders. Based on our current annual dividend rate of \$1.86 per share, we would pay approximately \$57.5 million in dividends. Before we pay any dividend, whether for Federal income tax purposes or otherwise, which would only be paid out of available cash to the extent permitted under our unsecured and secured revolving credit facilities, and our unsecured term loan, we must first meet both our operating requirements and scheduled debt service on our mortgages and loans payable.

Funds from Operations

The revised White Paper on Funds from Operations ("FFO") approved by the Board of Governors of NAREIT in October 1999 defines FFO 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. We believe 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 our ability to incur and service debt, to make capital expenditures and to fund other cash needs. We compute FFO in accordance with the current standards established by NAREIT, which may not be comparable to FFO 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 us. 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 our financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

Funds from Operations for the three months ended March 31, 2003 and 2002 are as follows (in thousands):

	2003	2002
Income before minority interest, discontinued operations and preferred stock dividends	\$ 18,785	\$ 18,193
Add:		
Depreciation and amortization	10,883	9,267
FFO from discontinued operations	957	927
FFO adjustment for unconsolidated joint ventures	3,387	1,881
Less:		
Dividends on preferred shares	(2,300)	(2,300)
Amortization of deferred financing costs and depreciation of non-rental real estate assets	(1,484)	(983)
Funds From Operations – basic	30,228	26,985
Dividends on preferred shares	2,300	2,300
Funds From Operations – diluted	\$ 32,528	\$ 29,285
Cash flows provided by operating activities	\$ 13,976	\$ 24,700
Cash flows provided by (used in) investing activities	\$ 6,985	\$ (3,703)
Cash flows used in financing activities	\$ (54,362)	\$ (21,761)

Inflation

Substantially all of the office leases provide for separate real estate tax and operating expense escalations. In addition, many of the leases provide for fixed base rent increases. We believe that inflationary increases may be at least partially offset by the contractual rent increases and expense escalations described above.

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ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

See Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Market Rate Risk” for additional information regarding the Company’s exposure to interest rate fluctuations.

The following table presents principal cash flows based upon maturity dates of the debt obligations and mortgage receivables and the related weighted-average interest rates by expected maturity dates as of March 31, 2003 (in thousands).

Date	Long-Term Debt				Mortgage Receivables	
	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate	Amount	Current Yield
2003	\$ 2,894	6.88%	\$ 22,178	3.01%	\$ 27,584	14.66%
2004	136,074	6.70%	158,000	3.08%	40,262	12.66%
2005	51,532	6.66%	—	—	15,000	10.50%
2006	4,370	6.64%	51,000	2.96%	26,172	3.01%
2007	177,844	6.63%	—	—	5,478	13.10%
Thereafter	183,398	7.94%	—	—	—	—
Total	\$ 556,112	7.66%	\$ 231,178	3.00%	\$ 114,496	12.70%
Fair Value	\$ 588,524		\$ 231,178		\$ 114,496	

The table below presents the gross principal cash flows based upon maturity dates of our share of joint venture debt obligations and the related weighted-average interest rates by expected maturity dates as of March 31, 2003 (in thousands):

Date	Long-Term Debt			
	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate
2003	\$ 459	6.34%	—	—
2004	147,416	6.34%	\$ 174,450	3.70%
2005	16,079	8.00%	—	—
2006	608	8.00%	—	—
2007	659	8.00%	—	—
Thereafter	56,521	8.00%	—	—
Total	\$ 221,742	7.18%	\$ 174,450	3.70%
Fair Value	\$ 228,715		\$ 174,450	

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The table below lists all our derivative instruments, including joint ventures, and their related fair value as of March 31, 2003 (in thousands):

Notional Value	Strike Rate	Effective Date	Expiration Date	Fair Value	Our Share

Interest Rate Collar	\$	70,000	6.580%	2/1999	11/2004	\$	(4,907)	\$	(4,907)
Interest Rate Swap		65,000	4.010%	11/2001	8/2005		(3,258)		(3,258)
Interest Rate Cap		150,000	8.000%	7/2001	1/2004		—		—
Interest Rate Cap		85,000	6.500%	12/2001	11/2004		7		4
Interest Rate Cap Sold		46,750	6.500%	12/2001	11/2004		(4)		(4)
Interest Rate Swap		46,750	4.038%	11/2001	1/2005		(2,057)		(2,057)
Interest Rate Cap		275,000	7.000%	5/2002	6/2004		1		1
Interest Rate Cap		30,000	9.000%	5/2002	6/2004		—		—
Interest Rate Cap		30,000	9.000%	5/2002	6/2004		—		—
Interest Rate Cap Sold		100,000	7.000%	8/2002	6/2004		—		—
Interest Rate Swap		100,000	2.299%	8/2002	6/2004		(1,214)		(1,214)
Interest Rate Swap		100,000	1.637%	12/2002	12/2003		(323)		(323)
Interest Rate Swap		100,000	4.060%	12/2003	12/2007		(3,065)		(3,065)
Total						\$	(14,820)	\$	(14,823)

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ITEM 4. Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-14(c). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the Company has investments in certain unconsolidated entities. As the Company does not control these entities, its disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those it maintains with respect to its consolidated subsidiaries.

Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls subsequent to the date the Company completed its evaluation.

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PART II OTHER INFORMATION

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See Note 18 to the consolidated financial statements

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

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None

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None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

10.1 Amended and Restated Revolving Credit and Guarantee Agreement dated March 17, 2003 filed herewith.

99.1 Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

The Registrant filed a Current Report on Form 8-K on January 30, 2003 in connection with its fourth quarter 2002 earnings release and supplemental information package.

The Registrant filed a Current Report on Form 8-K on February 21, 2003 furnishing pro-forma financial information pursuant to Item 7, in connection with its planned acquisition of 220 East 42nd Street.

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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,
Chief Financial Officer

Date: May 6, 2003

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CERTIFICATION

I, Stephen L. Green, Chairman of the Board and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SL Green Realty Corp. (the "registrant");
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 6, 2003

 /s/ Stephen L. Green
Name: Stephen L. Green
Title: Chief Executive Officer

CERTIFICATION

I, Thomas E. Wirth, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SL Green Realty Corp. (the “registrant”);
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant’s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the “Evaluation Date”); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls; and
6. The registrant’s other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 6, 2003

/s/ Thomas E. Wirth

Name: Thomas E. Wirth
Title: Chief Financial Officer

AMENDED AND RESTATED
REVOLVING CREDIT AND GUARANTY AGREEMENT

among

SL GREEN OPERATING PARTNERSHIP, L. P.,

As Borrower,

SL GREEN REALTY CORP.

AND ITS SUBSIDIARIES PARTY HERETO,

As Guarantors,

THE LENDERS PARTY HERETO,

As Lenders,

FLEET NATIONAL BANK

As Administrative Agent for the Lenders

COMMERZBANK AG, NEW YORK BRANCH

As Syndication Agent for the Lenders

WACHOVIA BANK NATIONAL ASSOCIATION
WELLS FARGO BANK, NATIONAL ASSOCIATION

As Co-Documentation Agents for the Lenders

FLEET SECURITIES, INC.

As Lead Arranger and Bookrunner

Effective Date: March 17, 2003

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CREDIT AGREEMENT

This AMENDED AND RESTATED REVOLVING CREDIT AND GUARANTY AGREEMENT is made as of the 17th day of March, 2003, by and among (i) SL GREEN OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (the "Borrower"), (ii) SL GREEN REALTY CORP., a Maryland corporation (the "Company", and a "Guarantor", as such term is defined herein), (iii) each of the direct and indirect Subsidiaries of the Borrower or the Company that is a signatory hereto under the caption "Guarantors" on the signature pages hereto or from time to time hereafter as a "Guarantor", (iv) each of the financial institutions that is a signatory hereto under the caption "Lenders" on the signature pages hereto or that, pursuant to §19 hereof, shall become a "Lender" (individually, a "Lender" and, collectively, the "Lenders"), (v) FLEET NATIONAL BANK, a national banking association, as administrative agent for the Lenders hereunder (in such capacity, the "Agent"), (vi) COMMERZBANK AG, NEW YORK BRANCH, as syndication agent for the Lenders hereunder, and (vii) WACHOVIA BANK, NATIONAL ASSOCIATION and WELLS FARGO BANK, NATIONAL ASSOCIATION, as co-documentation agents for the Lenders hereunder.

WHEREAS, pursuant to that certain Revolving Credit and Guaranty Agreement, dated as of June 27, 2000, among the Borrower, the Guarantors signatory thereto (the "Existing Guarantors"), the lenders signatory thereto (the "Existing Lenders"), Fleet National Bank, as administrative agent, Salomon Smith Barney Inc., as syndication agent, and Bankers Trust Company, as documentation agent (as amended from time to time, the "Existing Credit Agreement"), the Existing Lenders have agreed to make available to the Borrower revolving loans in an aggregate amount not to exceed \$300,000,000; and

WHEREAS, the parties hereto wish to amend and restate the Existing Credit Agreement to, among other things, extend the maturity of the facility and substitute the Lenders for the Existing Lenders as Lenders under this Agreement;

NOW, THEREFORE, to accomplish these purposes, the Agent, the Borrower, the Guarantors and the Lenders hereby agree that the Existing Credit Agreement shall be and hereby is amended and restated in its entirety, as follows:

§1. DEFINITIONS OF RULES OF INTERPRETATION

§1.1. Definitions. The following terms shall have the meanings set forth in this §1 or elsewhere in the provisions of this Agreement referred to below:

Additional Commitment. The portion (if any) of any Lender's Commitment which will become effective on the Commitment Increase Date if the Total Commitment is increased pursuant to § 2.2.

Additional Commitment Lenders. Those Lenders which provide an Additional Commitment.

Adjusted EBITDA. For any Person for any period, EBITDA minus (i) the aggregate Minimum Capital Expenditure Reserves for all Real Estate Assets for such period and (ii) straight line rent adjustments for the applicable period.

Adjusted Net Operating Income. For any Real Estate Asset, as of any date of determination, Net Operating Income for the three (3) month period immediately preceding the date of determination, minus Minimum Capital Expenditures Reserves for such Real Estate Asset for such period, and minus the Minimum Management Fees for such Real Estate Asset for such period.

Affiliated Lenders. Any commercial bank or financial institution which is (i) the parent corporation of any of the Lenders, (ii) a wholly-owned subsidiary of any of the Lenders or (iii) a wholly-owned subsidiary of the parent corporation of any of the Lenders.

Agent. Fleet National Bank acting in its capacity as sole administrative agent for the Lenders, or any sole successor administrative agent appointed pursuant to §14 hereof.

Agent's Head Office. The Agent's head office located at 100 Federal Street, Boston, Massachusetts 02110, or at such other location in the United States as the Agent may designate from time to time.

Aggregate Occupancy Rate. With respect to the Unencumbered Assets at any time, the ratio, as of such date, expressed as a percentage, of (i) the summation of the amounts arrived at by multiplying (a) the Occupancy Rate of each Unencumbered Asset by (b) the net rentable area of such Unencumbered Asset,

divided by

(ii) the aggregate net rentable area of all such Unencumbered Assets.

Agreement. This Amended and Restated Revolving Credit and Guaranty Agreement, including the Schedules and Exhibits hereto.

Applicable Base Rate Margin. Zero (0) basis points.

Applicable LIBOR Margin. The applicable margin over the LIBOR Rate which is used in calculating the interest rate applicable to LIBOR Rate Loans and which shall vary from time to time in accordance with the Company's then applicable (if any) Moody's Rating, S&P Rating and Fitch Rating (for purposes of this definition, each a "debt rating"), as set forth below in this definition. If at any time of determination of the Applicable LIBOR Margin, the Company has then current debt ratings from at least two (2) of Moody's, S&P or Fitch, then the Applicable LIBOR Margin shall be based on the lower of such ratings.

The applicable debt ratings and the Applicable LIBOR Margins are set forth in the following table:

S&P Rating	Moody's Rating	Fitch Rating	Applicable Margin for LIBOR Rate Loans
BBB-	Baa3	BBB-/Baa3 equivalent	1.20%
BBB	Baa2	BBB/Baa2 equivalent	1.00%
BBB+ or higher	Baa1 or higher	BBB+/Baa1 equivalent or higher	.95%

If either (x) the Company does not maintain debt ratings from at least two (2) of Moody's, S&P or Fitch or (y) the Company does maintain such debt ratings but at least one of such debt ratings is less than BBB-/Baa3 (or the equivalent), the Applicable LIBOR Margin shall be the percentage opposite the Leverage Ratio (calculated as of the end of the immediately preceding fiscal quarter) set forth in the table below under the caption "Applicable LIBOR Margin":

Leverage Ratio	Applicable LIBOR Margin
≤.35	1.30%
>.35 but ≤.45	1.40%
>.45	1.70%

The Applicable LIBOR Margin shall be adjusted effective on the first Business Day following the effective date of a change in the Moody's Rating, the S&P Rating or the Fitch Rating or the date the Leverage Ratio is determined pursuant to a Compliance Certificate, as the case may be.

Appraisal. A written appraisal of property requested by the Agent on behalf of the Requisite Lenders pursuant to §5.1(b) hereof (i) in form, content and methodology satisfactory to the Agent and in compliance with all applicable legal and regulatory requirements, and (ii) prepared by an independent appraiser selected by the Agent who meets all regulatory requirements applicable to the Agent and the Lenders.

Arranger. Fleet Securities, Inc. or any successor, as sole lead arranger and bookrunner.

Assignment and Acceptance. See §19.

Assumed Debt Service. With respect to all unsecured Indebtedness of any Person for any period, the greater of (i) debt service on the actual principal amount outstanding on such unsecured Indebtedness on the last day of such fiscal quarter at the rates of interest then in effect, or (ii) the aggregate payment of principal and interest that would be due on such actual outstanding amount of unsecured Indebtedness for such quarter assuming a ten-year Treasury Rate plus 175 basis points and a twenty-five year amortization schedule.

Balance Sheet Date. December 31, 2001.

Bankruptcy Code. Title 11 of the United States Code, 11 U.S.C. §§ 1101 et seq., as the same may be amended from time to time.

Base Rate. The higher of (a) the annual rate of interest announced from time to time by Fleet National Bank ("Fleet") at Fleet's Head Office as its "base rate", and (b) one half of one percent (½%) above the overnight federal funds effective rate as published by the Board of Governors of the Federal Reserve System, as in effect from time to time.

Base Rate Loans. Those Loans bearing interest calculated by reference to the Base Rate.

Borrower. As defined in the preamble hereto.

Borrowing Date. The date on which any Loan is made or is to be made (including, without limitation, the date on which any Mandatory Base Rate Loan is made), and the date on which any Loan is converted or continued in accordance with §2.6.

Buildings. The buildings, structures and other improvements now or hereafter located on the Unencumbered Assets.

Business Day. Any day on which banking institutions in Boston, Massachusetts, are open for the transaction of banking business and, in the case of LIBOR Rate Loans, also a day which is a Eurodollar Business Day.

Capitalized Leases. Leases under which the discounted future rental payment obligations are required to be capitalized on the balance sheet of the Borrower in accordance with Generally Accepted Accounting Principles.

CERCLA. See §6.18.

Code. The Internal Revenue Code of 1986, as amended and in effect from time to time.

Commitment. With respect to each Lender, the amount set forth from time to time on Schedule 1.2 hereto as the amount of such Lender's commitment to make Loans to the Borrower.

Commitment Increase. An increase in the Total Commitment to not more than \$375,000,000 pursuant to § 2.2(a).

Commitment Increase Date. See §2.2(a).

Commitment Percentage. With respect to each Lender, the percentage set forth from time to time on Schedule 1.2 hereto as such Lender's percentage of the Total Commitment. If Borrower exercises its option to increase the Total Commitment pursuant to §2.2(a), the Commitment Percentages of the Lenders may change effective upon the Commitment Increase Date.

Company. As defined in the preamble hereto.

Compliance Certificate. See §2.5(a).

Conversion Request. A notice given by the Borrower to the Agent of its election to convert or continue a Loan in accordance with §2.6.

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Default. See §12.1.

Delinquent Lender. See §14.5(c).

Distribution. The declaration or payment of any dividend or distribution of cash or cash equivalents to the holders of common shares of beneficial interest in the Company or the holders of common units of limited partnership interest in the Borrower, or any distribution to any officer, employee or director of the Borrower or the Company, other than employee compensation.

Dollars or \$. Lawful currency of the United States of America.

Domestic Lending Office. Initially, the office of each Lender designated as such in Schedule 1 hereto; thereafter, such other office of such Lender, if any, located within the United States that will be making or maintaining Base Rate Loans.

Drawing Date. The date on which a draft under a Letter of Credit is paid by the Agent.

EBITDA. With respect to any Person for any period, earnings (or losses) before interest and taxes of such Person and its Subsidiaries for such period plus, to the extent deducted in computing such earnings (or losses) before interest (including, without limitation, the interest portion of payments made under Capitalized Leases) and taxes, depreciation and amortization expense and other non-cash charges, all as determined on a consolidated basis with respect to such Person and its Subsidiaries in accordance with Generally Accepted Accounting Principles; provided, however, EBITDA shall exclude earnings or losses resulting from (i) cumulative changes in accounting practices, (ii) discontinued operations (except as noted below), (iii) extraordinary items, (iv) net income or net losses of any entity acquired in a pooling of interest transaction for the period prior to the acquisition, (v) net income or net losses, before depreciation and amortization, of a Subsidiary that is unavailable to such Person, (vi) net income or net losses not readily convertible into Dollars or remittable to the United States, (vii) gains and losses from the sale of assets, and (viii) net income or net losses, before depreciation and amortization, from corporations, partnerships, associations, joint ventures or other entities in which such Person or any Subsidiary or consolidated entity thereof has a minority interest and in which none of such Person or any Subsidiary or consolidated entity thereof has control, except to the extent actually received, provided, however, that EBITDA shall include earnings and losses from any Real Estate Asset which has been identified for sale and would otherwise qualify as a discontinued operation under Generally Accepted Accounting Principles, until sold or otherwise disposed of.

Effective Date. The date upon which this Agreement shall become effective pursuant to §10. Unless the Agent notifies the Borrower and the Lenders on the date hereof that some other date is the Effective Date, the Effective Date shall be the date set forth on the first page of this Agreement.

Eligible Assignee. Any of (a) a commercial bank organized under the laws of the United States, or any State thereof or the District of Columbia, and having total assets in excess of \$5,000,000,000; (b) a savings and loan association or savings bank organized under the laws of

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the United States, or any State thereof or the District of Columbia, and having a net worth of at least \$100,000,000, calculated in accordance with Generally Accepted Accounting Principles; (c) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the "OECD"), and having total assets in excess of \$5,000,000,000, provided that such bank is acting through a branch or agency located in the country in which it is organized or another country which is also a member of the OECD; (d) the central bank of any country which is a member of the OECD; (e) a finance company, insurance company or other financial institution (whether a corporation, partnership, trust or other entity) that is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and having total assets in excess of \$5,000,000,000, and (f) any Lender or Affiliated Lender. Notwithstanding anything to the contrary, the term Eligible Assignee shall exclude any Person controlling, controlled by or under common control with, the Borrower or the Company.

Employee Benefit Plan. Any employee benefit plan within the meaning of §3 (3) of ERISA currently maintained or contributed to by the Borrower or any Guarantor or any ERISA Affiliate, other than a Multiemployer Plan.

Environmental Laws. See §6.18(a).

ERISA. The Employee Retirement Income Security Act of 1974, as amended and in effect from time to time.

ERISA Affiliate. Any Person which is treated as a single employer with the Borrower under §414(b) or (c) of the Code.

ERISA Event. Any of the following:

(i) a "reportable event" within the meaning of Section 4043 of ERISA and the regulations issued thereunder with respect to any Guaranteed Pension Plan (excluding those for which the provision for 30-day notice to the PBGC has been waived by regulation),

(ii) the failure to meet the minimum funding standard of Section 412 of the Code with respect to any Guaranteed Pension Plan (whether or not waived in accordance with Section 412(d) of the Code) or the failure to make by its due date a required installment under Section 412 (m) of the Code with respect to any Guaranteed Pension Plan or the failure to make by its due date any required contribution to a Multiemployer Plan,

(iii) the provision by the administrator of any Guaranteed Pension Plan pursuant to Section 4041(a)(2) of ERISA of a notice of intent to terminate such plan in a distress termination described in Section 4041(c) of ERISA,

(iv) the withdrawal by the Borrower or any Guarantor or any of their ERISA Affiliates from any Guaranteed Pension Plan with two or more contributing sponsors or the termination of any such Guaranteed Pension Plan resulting in liability pursuant to Section 4063 or 4064 of ERISA in excess of \$5,000,000.00,

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(v) the institution by the PBGC of proceedings to terminate any Guaranteed Pension Plan, or the occurrence of any event or condition which might reasonably be expected to constitute grounds under ERISA for the involuntary termination of, or the appointment of a trustee to administer, any Guaranteed Pension Plan,

(vi) the imposition of liability on the Borrower or any Guarantor or any of their ERISA Affiliates in excess of \$5,000,000.00 pursuant to Section 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA,

(vii) the withdrawal by the Borrower or any Guarantor or any of their ERISA Affiliates in a complete or partial withdrawal (within the meaning of Section 4203 and 4205 of ERISA) from any Multiemployer Plan if there is any potential liability therefor in excess of \$5,000,000.00, or the receipt by the Borrower or any Guarantor or any of their ERISA Affiliates of notice from any Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA, or that it intends to terminate or has terminated under Section 4041A or 4042 of ERISA, if such event could reasonably be expected to result in liability being imposed on Borrower or any of its ERISA Affiliates in excess of \$5,000,000.00,

(viii) the occurrence of an act or omission which could give rise to the imposition on the Borrower or any Guarantor or any of their ERISA Affiliates of fines, penalties, taxes or related charges under Chapter 43 of the Code or under Section 409 or 502(c), (i) or (1) or 4071 of ERISA in excess of \$5,000,000 in respect of any Employee Benefit Plan,

(ix) the assertion of a material claim (other than routine claims for benefits) against any Employee Benefit Plan other than a Multiemployer Plan or the assets thereof, or against the Borrower or any Guarantor or any of their ERISA Affiliates in connection with any such Employee Benefit Plan,

(x) receipt from the Internal Revenue Service of notice of the failure of any Pension Plan (or any other Benefit Plan intended to be qualified under Section 401(a) of the Code) to qualify under Section 401(a) of the Code, or the failure of any trust forming part of any Guaranteed Pension Plan to qualify for exemption from taxation under Section 501(a) of the Code, or

(xi) the imposition of a Lien pursuant to Section 401(a)(29) or 412(n) of the Code or pursuant to ERISA with respect to any Guaranteed Pension Plan.

Eurocurrency Reserve Rate. For any day with respect to a LIBOR Rate Loan, the maximum rate (expressed as a decimal) at which any of the Lenders would be required to maintain reserves under Regulation D of the Board of Governors of the Federal Reserve System (or any successor or similar regulations relating to such reserve requirements) against "Eurocurrency Liabilities" (as that term is used in Regulation D) , if such liabilities were outstanding. The Eurocurrency Reserve Rate shall be adjusted automatically on and as of the effective date of any change in the Eurocurrency Reserve Rate.

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Eurodollar Business Day. Any day on which commercial banks are open for international business (including dealings in Dollar deposits) in London or such other eurodollar interbank market as may be selected by the Agent in its sole discretion acting in good faith.

Event of Default. See §12.1.

Existing Credit Agreement. As defined in the recitals hereto.

Facility. The unsecured revolving line of credit facility provided to the Borrower pursuant to this Agreement.

Fee Letter. See §10.7.

Fitch. Fitch Ratings, a division of Fitch, Inc. or its successors.

Fitch Rating. The rating for the Company's senior long-term unsecured debt assigned by Fitch.

Fixed Charges. With respect to any fiscal period of any Person, an amount equal to the sum of (i) Interest Expense, (ii) regularly scheduled installments of principal payable with respect to all Indebtedness of such Person, other than balloon payments of principal at maturity, (iii) scheduled cash lease payments or obligations with respect to Capitalized Leases of such Person plus (iv) in the cases of the Company and the Borrower, all dividend payments due to the holders of any preferred shares of beneficial interest of the Company and all distributions due to the holders of any preferred limited partnership interests in the Borrower.

Fixed Rate Prepayment Fee. See §3.3.

Forward Purchase Contract. With respect to any Person, a purchase agreement entered into by such Person for the fee or leasehold purchase of an office property to be constructed .

Funds From Operations. Consolidated net income (loss) of the Company and its Subsidiaries before extraordinary items, computed in accordance with Generally Accepted Accounting Principles, plus, to the extent deducted in determining net income (loss) and without duplication, (i) gains (or losses) from debt restructuring and sales of property (or adjustments to basis of properties or other assets), (ii) non-recurring charges, (iii) provisions for losses, (iv) real estate related depreciation, amortization and other non-cash charges (excluding amortization of financing costs), and (v) amortization of organizational

expenses minus, to the extent included in net income (loss) and without duplication, (a) non-recurring income (loss) and (b) equity income (loss) from unconsolidated partnerships and joint ventures less the proportionate share of Funds From Operations of such partnerships and joint ventures, which adjustments shall be calculated on a consistent basis.

Generally Accepted Accounting Principles. Principles that are (a) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, as in effect from time to time and (b) consistently applied with past financial statements of the Person in question adopting the same principles; provided that a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in Generally

Accepted Accounting Principles) as to financial statements in which such principles have been properly applied.

Ground Lease. A ground lease granting a leasehold interest in land and/or the improvements thereon.

Guaranteed Pension Plan. Any employee pension benefit plan within the meaning of §3(2) of ERISA maintained or contributed to by the Borrower, any Guarantor or any ERISA Affiliate the benefits of which are guaranteed on termination in full or in part by the PBGC pursuant to Title IV of ERISA, other than a Multiemployer Plan.

Guaranteed Obligations. Collectively,

(i) the payment, as and when due, or by stated maturity, acceleration, or otherwise, of the Notes and all other amounts due and payable under the other Loan Documents to the Agent and the Lenders at such times and in the manner provided for in the Loan Documents, including interest accruing from and after the date of the commencement of a bankruptcy case against the Borrower or a Guarantor, and

(ii) the payment of all other obligations of the Borrower under the Loan Documents that can be performed by the payment of monies, either to the Agent and the Lenders directly or by reimbursement of advances by them, including, without limitation, the payment of income and other taxes by the Borrower.

Guarantor. Each of the Company and the Guarantor Subsidiaries.

Guarantor Subsidiaries. The partnerships, limited liability companies and corporations designated as Guarantor Subsidiaries on Schedule 1.3 hereto and any other Subsidiaries of the Borrower or the Company which execute and deliver this Agreement as a Guarantor pursuant to and in accordance with §5.6, and which shall include each wholly-owned Subsidiary of the Borrower and each Subsidiary of the Borrower which, in either case, directly or indirectly owns an Unencumbered Asset as of the Effective Date or at any time thereafter; provided, however, that if a Subsidiary acquired by Borrower or the Company after the Effective Date, or if an entity that becomes a Subsidiary of the Borrower or the Company after the Effective Date, directly or indirectly owns Real Estate which has been mortgaged, or the beneficial or legal ownership interests of such Subsidiary have been pledged, to secure Indebtedness, such Subsidiary shall not be a Guarantor Subsidiary unless and until the Real Estate owned by such Subsidiary becomes an Unencumbered Asset.

Guaranty. See §18.1.

Hazardous Materials. See §6.18(a).

Indebtedness. For any Person, without duplication, (i)(a) all indebtedness of such Person for borrowed money and (b) all obligations of such Person to pay a deferred purchase price for property or services, including, but not limited to, obligations under Forward Purchase Contracts, having met all conditions of repayment thereof but for the passage of time, (ii) all indebtedness of such Person evidenced by a note, bond, debenture or similar instrument, (iii) the outstanding

undrawn amount of all letters of credit issued for the account or upon the application of such Person and, without duplication, all unreimbursed amounts drawn thereunder, (iv) all indebtedness of any other person or entity secured by any Lien on any property owned by such Person, whether or not such indebtedness has been assumed, (v) indebtedness of others guaranteed by such Person (including, without limitation, indebtedness of a partnership for which such Person, if a general partner, would be liable as a matter of law or contractually), but only to the extent of the specific amount guaranteed as a matter of contract or law, provided that for purposes of this definition the term "guarantee" shall not include the guarantee of customary non-recourse carve-outs (including, but not limited to, claims for fraud, misrepresentation, or environmental law violations), (vi) all payment obligations of such Person under any Interest Rate Contracts and currency swaps and similar agreements, to the extent such liabilities are material and are reported or are required under Generally Accepted Accounting Principles to be reported by such Person in its financial statements, (vii) all indebtedness and liabilities of such Person secured by any Lien or mortgage on any property of such Person, whether or not the same would be classified as a liability on a balance sheet, (viii) the liability of such Person in respect of banker's acceptances and the estimated liability under any participating mortgage, convertible mortgage or similar arrangement, (ix) the aggregate principal amount of rentals or other consideration payable by such Person in accordance with Generally Accepted Accounting Principles over the remaining unexpired term of all Capitalized Leases of such Person, (x) all outstanding monetary judgments or decrees by a court or courts of competent jurisdiction entered against such Person, (xi) all convertible debt and subordinated debt owed by such Person, (xii) all preferred partnership interests and preferred stock issued by such Person that, in either case, are redeemable prior to the Maturity Date for cash on a mandatory basis, a cash equivalent, a note receivable or similar instrument or are convertible prior to the Maturity Date on a mandatory basis to Indebtedness as defined herein, (xiii) all customary trade payables and accrued expenses more than sixty (60) days past due, (xiv) expected amortization of tenant costs and leasing commissions over such Person's next twelve succeeding fiscal months, and (xv) all obligations, liabilities, reserves and any other items which are listed as a liability on a balance sheet of such Person determined on a consolidated basis in accordance with Generally Accepted Accounting Principles, but excluding all general contingency reserves and reserves for deferred income taxes and investment credit, and excluding debt covered by escrows and security deposits fully funded by cash or cash equivalents.

Interest Expense. For any Person for any Period, with respect to all Indebtedness of such Person, an amount equal to the sum of the following with respect to all Indebtedness of such Person: (i) total interest expense, accrued in accordance with Generally Accepted Accounting Principles, plus (ii) all capitalized interest determined in accordance with Generally Accepted Accounting Principles, but only to the extent that such capitalized interest is not covered by an interest reserve established under a loan facility (such as capitalized construction interest provided for in a construction loan).

Interest Payment Date. As to any Base Rate Loan or LIBOR Rate Loan, the first day of each calendar month.

Interest Period. With respect to each Loan, (a) initially, the period commencing on the Borrowing Date of such Loan and ending on the last day of one of the following periods, as selected by the Borrower in a Loan Request (except that no Loan Request is required for

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Mandatory Base Rate Loans): (i) for any Base Rate Loan, the period ending on the day on which such Base Rate Loan is paid in full or converted to a LIBOR Rate Loan; and (ii) for any LIBOR Rate Loan, 7 days (but only to the extent available in the Eurodollar market to all Lenders), 1, 2, or 3 months; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Loan and ending on the last day of one of the periods set forth above, as selected by the Borrower in a Conversion Request; provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

(A) if any Interest Period with respect to a LIBOR Rate Loan would otherwise end on a day that is not a Eurodollar Business Day, that Interest Period shall be extended to the next succeeding Eurodollar Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Eurodollar Business Day;

(B) if any Interest Period with respect to a Base Rate Loan would end on a day that is not a Business Day, that Interest Period shall end on the next succeeding Business Day;

(C) if the Borrower shall fail to give notice as provided in §2.6, the Borrower shall be deemed to have requested a conversion of the affected LIBOR Rate Loan to a Base Rate Loan on the last day of the then current Interest Period with respect thereto;

(D) any Interest Period relating to any LIBOR Rate Loan that begins on the last Eurodollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Eurodollar Business Day of a calendar month;

(E) no more than five (5) Interest Periods relating to LIBOR Rate Loans may be outstanding at any one time; and

(F) the Borrower may not select any Interest Period relating to any LIBOR Rate Loan that would extend beyond the Maturity Date.

Interest Rate Contracts. Interest rate swap, cap, collar or similar agreements providing for interest rate protection.

Investments. In any Person, any loan, advance, or extension of credit to or for the account of, any guaranty, endorsement (other than for collection in the ordinary course of business) or other direct or indirect contingent liability in connection with the obligations, capital interests or equity distributions of, any ownership, purchase or acquisition of any capital interests, business, assets, obligations or securities of, or any other interest in or capital contribution to, such Person.

Leases. Leases, licenses and agreements whether written or oral, relating to the use or occupation of space in the Buildings located on the Unencumbered Assets by persons other than the owner thereof.

Lenders. As defined in the preamble hereto.

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Letter of Credit. A letter of credit issued by the Agent for the account of the Borrower pursuant to §2.9 and the letter of credit issued prior to the Effective Date and described on Schedule 1.4.

Letter of Credit Request. See § 2.9.

Leverage Ratio. As of any date of determination, Total Debt divided by Total Assets.

LIBOR Lending Office. Initially, the office of each Lender designated as such in Schedule 1 hereto; thereafter, such other office of such Lender, if any, that shall be making or maintaining LIBOR Rate Loans.

LIBOR Rate. For any Interest Period with respect to a LIBOR Rate Loan, the rate per annum equal to the quotient (rounded upwards to the nearest 1/1000 of one percent) of (a) the rate per annum for deposits in Dollars in the London interbank market for a period equal in length to such Interest Period which appears on Telerate Page 3750 as of 11:00 a.m. (London, England time) two Eurodollar Business Days prior to the beginning of such Interest Period, divided by (b) a number equal to 1.00 minus the Eurocurrency Reserve Rate. Each determination of the LIBOR Rate applicable to the particular Interest Period selected by the Borrower shall be made by the Agent and shall be conclusive and binding upon the Borrower absent manifest error.

LIBOR Rate Loans. Loans bearing interest calculated by reference to the LIBOR Rate.

Lien. Any lien, encumbrance, mortgage, deed of trust, pledge, restriction or other security interest. If title to any Real Estate Asset is held by a Subsidiary of Borrower or an Unconsolidated Entity then any pledge or assignment of Borrower's stock, partnership interest, limited liability company interest or other ownership interest in such Subsidiary or Unconsolidated Entity shall be deemed to be a Lien on the Real Estate Assets owned by such Subsidiary or Unconsolidated Entity.

Loan Documents. This Agreement, the Notes, and any and all other agreements, documents and instruments now or hereafter evidencing, securing or otherwise relating to the Loans.

Loan Request. See §2.5.

Loans. Loans made or to be made by the Lenders to the Borrower pursuant to §2.1 and §2.5 and Mandatory Base Rate Loans made pursuant to §2.9.

Majority Lenders. As of any date, the Lenders whose aggregate Commitments constitute at least fifty-one percent (51%) of the Total Commitment provided that the Commitments of any Delinquent Lenders shall be disregarded when determining the Majority Lenders.

Mandatory Base Rate Loans. Loans made by the Lenders (without a Loan Request) under the circumstances described in §2.9(d).

Material Adverse Effect. Any condition which has a material adverse effect on (i) the business, operations, properties, assets or condition (financial or otherwise) of the Borrower, the

Company or any other Guarantor, taken as a whole or (ii) the ability of the Borrower, the Company or any other Guarantor to perform its obligations under the Loan Documents, or (iii) the validity or enforceability of any of the Loan Documents or the remedies or material rights of the Agent or the Lenders thereunder.

Maturity Date. March 17, 2006, or such later date to which the Maturity Date shall have been extended pursuant to the provisions of §2.8 hereof, or such earlier date on which the Loans shall become due and payable pursuant to the terms hereof.

Maximum Credit Amount. The lesser of the following: (i) the maximum amount of Outstanding Obligations without causing a violation of § 9.1; and (ii) the Total Commitment.

Minimum Capital Expenditure Reserves. For any Real Estate Asset, \$0.40 per net rentable square foot of such Real Estate Asset per annum, or, for any shorter period, such amount multiplied by a fraction the numerator of which is the length of the applicable period in months (or portions thereof) and the denominator of which is 12.

Minimum Leasing Commission and Tenant Improvement Reserves. For any Real Estate Asset, \$1.75 per net rentable square foot of such Real Estate Asset per annum, or, for any shorter period, such amount multiplied by a fraction the numerator of which is the length of the applicable period in months (or portions thereof) and the denominator of which is 12.

Minimum Management Fees. Shall mean the greater of (i) three percent (3%) of Rents from the related Real Estate Asset for the three (3) month period immediately preceding the calculation, and (ii) the actual management fees paid by the Borrower and the Related Companies with respect to such Real Estate Asset during such three (3) month period.

Moody's. Moody's Investors Service, Inc. or its successors.

Moody's Rating. The rating for the Company's senior long-term unsecured debt assigned by Moody's.

Mortgage. Any mortgage, deed of trust, or other security instrument that creates a Lien on a class B (or better) office property (including the development of same) located in the greater New York City area or assets related thereto to secure Indebtedness.

Mortgage Loan. Any Indebtedness the payment or performance of which is secured by a Mortgage.

Mortgage Note. Any instrument, document or agreement evidencing a Mortgage Loan.

Multiemployer Plan. Any multiemployer plan within the meaning of §3(37) of ERISA contributed to by the Borrower or any Guarantor or any of their ERISA Affiliates.

Net Offering Proceeds. All cash proceeds received after the Effective Date by the Borrower or the Company as a result of the sale of common, preferred or other classes of stock of the Company or the issuance of limited partnership interests in the Borrower less customary costs and discounts of issuance paid by Company or Borrower in connection therewith.

Net Operating Income. With respect to any Real Estate Asset, for the period of determination, the Rents derived from the customary operation of such Real Estate Asset, less operating expenses attributable to such Real Estate Asset, and shall include only the sum of (i) the Rents received or expected to be received, and earned in accordance with Generally Accepted Accounting Principles, pursuant to Leases in place, plus (ii) other income actually received and earned in accordance with Generally Accepted Accounting Principles with respect to such Real Estate Asset, plus (iii) rent loss or business interruption insurance proceeds received or expected to be received during or relating to such period due to a casualty that has occurred prior to the date of calculation plus (iv) parking or other income, less operating expenses actually paid or payable on an accrual basis in accordance with Generally Accepted Accounting Principles attributable to such Real Estate Asset during such period, as set forth on operating statements and schedules reasonably satisfactory to Agent. Net Operating Income shall be calculated in accordance with customary accounting principles applicable to real estate. Notwithstanding the foregoing, Net Operating Income shall not include (i) any condemnation or insurance proceeds (excluding rent loss or business interruption insurance proceeds as described above), (ii) any proceeds resulting from the sale, exchange, transfer, financing or refinancing of all or any portion of the Real Estate Asset for which it is to be determined, (iii) amounts received from tenants as security deposits unless actually applied toward the payment of rent or additional rent in accordance with

the terms of such tenant's lease, (iv) interest income and (v) any type of income otherwise included in Net Operating Income but paid directly by any tenant to a Person other than Borrower or a Guarantor or other Related Company or their respective agents or representatives.

Notes. See §2.3.

Obligations. All indebtedness, obligations and liabilities of the Borrower or any Guarantor to any of the Lenders and the Agent, individually or collectively, under this Agreement or any of the other Loan Documents or in respect of any of the Loans, the Letters of Credit or the Notes or other instruments at any time evidencing any thereof, whether existing on the date of this Agreement or arising or incurred hereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise.

Occupancy Rate. With respect to an Unencumbered Asset at any time, the ratio, as of such date, expressed as a percentage, of (i) the net rentable area of such Unencumbered Asset leased to tenants paying rent pursuant to, and to the extent required under, Leases other than Leases which are in material default, to (ii) the net rentable area of such Unencumbered Asset.

Outstanding Obligations. As of any date of determination, the sum of the outstanding principal amount of the Loans plus the face amount of each Letter of Credit issued under §2.9 which has not expired or terminated prior to the date of determination.

PBGC. The Pension Benefit Guaranty Corporation created by §402 of ERISA and any successor entity or entities having similar responsibilities.

Permitted Developments. The construction of any new buildings or the construction of additions expanding existing buildings or the rehabilitation of existing buildings (other than

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normal refurbishing of common areas and tenant fit up work when one tenant leases space previously occupied by another tenant) relating to any Real Estate Assets of the Borrower, any Guarantor or any of the other Related Companies, including (but not limited to) Forward Purchase Contracts, having met all conditions of payment thereof but for the passage of time, and each Permitted Development shall be counted for purposes of §8.2 from the time of commencement of the applicable construction work until a final certificate of occupancy has been issued with respect to such project in the amount of the total projected cost of such project.

Permitted Investments Cap. See §8.2.

Permitted Liens. The following Liens, security interests and other encumbrances:

(i) liens to secure taxes, assessments and other governmental charges in respect of obligations not overdue, the Indebtedness with respect to which is permitted hereunder;

(ii) deposits or pledges made in connection with, or to secure payment of, workmen's compensation, unemployment insurance, old age pensions or other social security obligations;

(iii) liens in respect of judgments or awards, the Indebtedness with respect to which is permitted hereunder;

(iv) liens of carriers, warehousemen, mechanics and materialmen, and other like liens which are either covered by a full indemnity from a creditworthy indemnitor or have been in existence less than 120 days from the date of creation thereof in respect of obligations not overdue, the Indebtedness with respect to which is permitted hereunder; and

(v) encumbrances consisting of easements, rights of way, Leases, covenants, restrictions on the use of real property and defects and irregularities in the title thereto; and other minor liens or encumbrances none of which in the opinion of the Borrower interferes materially with the use of the property affected in the ordinary conduct of the business of the Borrower, and which matters (x) do not individually or in the aggregate have a materially adverse effect on the value of the Unencumbered Asset and (y) do not make title to such property unmarketable by the conveyancing standards in effect where such property is located.

Person. Any individual, corporation, partnership, limited liability company, trust, unincorporated association, business, or other legal entity, and any government or any governmental agency or political subdivision thereof.

Preferred Distribution. The declaration or payment of any dividend or distribution of cash or cash equivalents to the holders of preferred shares of beneficial interest in the Company or the holders of preferred units of limited partnership interest of the Borrower.

Prepayment Date. See §3.3.

Properties. All Real Estate Assets, Real Estate, and all other assets, including, without limitation, intangibles and personalty owned by the Borrower or any Guarantor or any of the Related Companies.

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Real Estate. All real property at any time owned, leased (as lessee or sublessee) or operated by the Borrower, any Guarantor, or any of the Related Companies or any Unconsolidated Entity.

Real Estate Assets. Those fixed and tangible properties consisting of land, buildings and/or other improvements owned by the Borrower, by any Guarantor, by any of the Related Companies or by any Unconsolidated Entity at the relevant time of reference thereto, including without limitation, the Unencumbered Assets, but excluding all leaseholds other than leaseholds under Ground Leases which either have an unexpired term (including unexercised renewals options exercisable at the option of the lessee) of at least 20 years or contain a purchase option for nominal consideration.

Real Estate Effective Control Assets. Those Investments in mortgages and mortgage participations owned by the Borrower or by any Guarantor as to which the Borrower has demonstrated to the Agent, in the Agent's discretion, that Borrower or a Guarantor has control of the decision-making functions of management and leasing of such mortgaged properties, has control of the economic benefits of such mortgaged properties, and holds an option to purchase such mortgaged properties.

Record. The grid attached to any Note, or the continuation of such grid, or any other similar record, including computer records, maintained by any Lender with respect to any Loan referred to in such Note.

Recourse Indebtedness. All Indebtedness except Indebtedness with respect to which recourse for payment is contractually limited (except for customary exclusions) to specific assets encumbered by a lien securing such Indebtedness.

Register. See §19.3.

Related Companies. The entities listed and described on Schedule 1.3 hereto, or thereafter, any entity whose financial statements are consolidated or combined with the Company's pursuant to Generally Accepted Accounting Principles, or any ERISA Affiliate.

Release. A release, spillage, leaking, pumping, pouring, emitting, emptying, discharge, injection, escape, disposal or dumping of Hazardous Material.

Rents. All rents, issues, profits, royalties, receipts, revenues, accounts receivable, and income, including fixed, additional and percentage rents, occupancy charges, operating expense reimbursements, reimbursements for increases in taxes, sums paid by tenants to the Borrower or the Related Companies to reimburse the Borrower or the Related Companies for amounts originally paid or to be paid by the Borrower or the Related Companies or their respective agents or affiliates for which such tenants were liable, as, for example, tenant improvements costs in excess of any work letter, lease takeover costs, moving expenses and tax and operating expense pass-throughs for which a tenant is solely liable, parking income, recoveries for common area maintenance expense, tax, insurance, utility and service charges and contributions, proceeds of sale of electricity, gas, heating, air-conditioning and other utilities and services, deficiency rents and liquidated damages, and other benefits.

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Requisite Lenders. As of any date, the Lenders whose aggregate Commitments constitute at least sixty-six and seven-tenths percent (66.7%) of the Total Commitment provided that the Commitments of any Delinquent Lenders shall be disregarded when determining the Requisite Lenders.

Responsible Officer. With respect to the Company, any one of its Chairman, President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Treasurer, Executive Vice Presidents or Senior Vice Presidents.

S&P. Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., or its successors.

S&P Rating. The rating for the Company's senior long-term unsecured debt assigned by S&P.

Secured Indebtedness. All Indebtedness of the Borrower and any of the Related Companies which is secured by a Lien on any Properties.

Secured Recourse Indebtedness. All Secured Indebtedness except Indebtedness with respect to which recourse for payment is contractually limited (except for customary exclusions) to the specific assets encumbered by the Lien securing such Indebtedness, and other than Indebtedness fully collateralized by cash or cash equivalents.

Structured Finance Investments. Collectively, (i) Investments in (or in entities whose Investments are primarily in) Mortgages, Mortgage Loans, and Mortgage Notes, and (ii) preferred equity Investments (including preferred limited partnership interests) in entities owning (or leasing pursuant to a Ground Lease) class B (or better) office properties located in the greater New York, New York area.

Subsidiary. Any corporation, association, trust, or other business entity of which the designated parent or other controlling Person shall at any time own directly or indirectly through a Subsidiary or Subsidiaries at least a majority (by number of votes) of the outstanding Voting Interests.

Tangible Net Worth. The book value of all of the assets of the Borrower and the Related Companies minus the book value of all of the liabilities of the Borrower and the Related Companies minus all intangibles determined in accordance with Generally Accepted Accounting Principles.

Telerate Page 3750. The display designated as "Page 3750" on the Telerate Service, or such other page as may replace Page 3750 on that service or such other service as may be nominated by the British Bankers' Association as the information vender for the purpose of displaying British Bankers' Association interest settlement rates for U.S. Dollar deposits.

Term Loan Facility. The Indebtedness of the Borrower and the Guarantors under that certain Amended and Restated Credit and Guaranty Agreement, dated as of February 6, 2003, among the Borrower, certain of the Guarantors, the lenders party thereto, and Wells Fargo Bank,

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National Association, as administrative agent, as the same may be amended, supplemented or modified from time to time, and any refinancing thereof.

Total Assets. As of any date of determination, the sum of the following, without duplication: (i) the Value of All Unencumbered Assets, plus (ii) the aggregate Adjusted Net Operating Income for the fiscal quarter immediately preceding such date, annualized, for all Real Estate Assets (other than Unencumbered Assets) and Real Estate Effective Control Assets owned or leased by the Borrower or the Guarantors other than Real Estate Assets referred to in clause (iii) of this definition, divided by nine percent (9.0%), plus (iii) the aggregate purchase price of all Real Estate Assets (other than Unencumbered Assets but including Forward Purchase Contracts having met all conditions of payment of the purchase price thereunder but for the passage of time) and Real

Estate Effective Control Assets acquired or initially leased by the Borrower or the Guarantors within the fiscal quarter immediately preceding such date, multiplied by ninety-five percent (95.0%), plus (iv) the book value of unrestricted cash and cash equivalents of the Borrowers and the Guarantors, plus (v) the aggregate book value of all Investments of the Borrower and the Guarantors (other than Real Estate Effective Control Assets) permitted under Section 8.2 hereof.

Total Commitment. The sum of the Commitments of the Lenders, as in effect from time to time.

Total Debt. The sum of (without duplication) all Indebtedness of the Borrower and the Company included in the liabilities portion of the Borrower's balance sheet prepared in accordance with Generally Accepted Accounting Principles as of the end of the most recent fiscal quarter for which financial statements have been provided pursuant to § 7.4.

Treasury Rate. The semi-annual yield (without compounding), as reported in The Wall Street Journal (or if such rate is not published therein, in the Federal Reserve Statistical Release H.15 – Selected Interest Rates (“H.15”) under the heading “U.S. Government Securities/Treasury constant maturities”) on the date of calculation (provided, however, if such date is not a Business Day, then on the next succeeding Business Day) for the current U.S. Treasury security with a maturity which most closely approximates the date which is ten (10) years from the date of calculation. In the event such rate is not published in either The Wall Street Journal or H.15, the Agent shall select a comparable publication to determine the Treasury Rate.

Type. As to any Loan its nature as a Base Rate Loan or a LIBOR Rate Loan.

Unconsolidated Entity. As of any date, any Person in whom the Borrower, the Company or any Related Company holds an Investment, and whose financial results would not be consolidated under Generally Accepted Accounting Principles with the financial statements of the Borrower, if such statements were prepared as of such date. Unconsolidated Entities existing on the date hereof are set forth in Schedule 1.3.

Unconsolidated Entity Percentage. For any Person, with respect to such Person's Unconsolidated Entities, the percentage economic ownership interest of such Person in such Unconsolidated Entity; provided, however, that in the event that such Person is the general

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partner of such Unconsolidated Entity, such Person's Unconsolidated Entity Percentage with respect to such Unconsolidated Entity's liabilities shall be the percentage of the general partner interests owned by such Person in such Unconsolidated Entity with respect to any Indebtedness for which recourse may be made against any general partner of such Unconsolidated Entity.

Unencumbered Asset. Any Real Estate Asset set forth on Schedule 1.1, as such Schedule may be amended or supplemented from time to time which at the date of determination, (i) is 100% owned in fee, or pursuant to a Ground Lease as approved by the Requisite Lenders (it being understood that all Unencumbered Assets owned pursuant to a Ground Lease as of the Effective Date are so approved), by Borrower or one of the Guarantor Subsidiaries, (ii) is improved with one or more Class B (or better) office buildings; (iii) is not directly or indirectly subject to any Lien (other than Permitted Liens) or to any negative pledge agreement or other agreement that prohibits the creation of any Lien thereon; (iv) is a Real Estate Asset with respect to which each of the representations contained in §6.18 and §6.21 hereof is true and accurate as of such date of determination; (v) may be legally conveyed separately from any other Real Estate without the need to obtain any subdivision approval, zoning variance or other consent or approval from an unrelated Person, other than, in the case of a Real Estate Asset which is a condominium unit, any required approval of the condominium board so long as pursuant to the terms and provisions of the condominium documentation governing the applicable condominium such approval may not be unreasonably withheld, delayed or conditioned; (vi) is reasonably free of all material structural and material title defects and other material adverse matters; (vii) is in compliance, in all material respects, with all applicable Environmental Laws, and as to which the representations set forth in §6.18(b) hereof are true and correct, (viii) has an Occupancy Rate of 70% or better; (ix) is managed by Borrower or a wholly owned Affiliate or Subsidiary of Borrower and (x) to the extent requested by the Agent and in Borrower's possession or control, the Borrower has delivered to the Agent historical operating and leasing information relating to such Unencumbered Asset, in form and substance satisfactory to the Agent. Each Real Estate Asset which satisfies the conditions set forth in this definition or with respect to which the Requisite Lenders have granted the necessary waivers pursuant to §5.2 shall be deemed to be an Unencumbered Asset only during such periods of time as Borrower has included the same on the list of Unencumbered Assets attached to the most recent Compliance Certificate delivered hereunder.

Unencumbered Asset Adjusted Net Operating Income. For any period, the aggregate Adjusted Net Operating Income for all Unencumbered Assets for such Period, plus (or minus) straight line rent adjustments for the applicable period, minus the aggregate of all Minimum Leasing Commission and Tenant Improvement Reserves for all Unencumbered Assets for such period.

Unencumbered Asset Value. With respect to any Unencumbered Asset at any time, an amount computed as follows: (i) for any Unencumbered Asset owned or leased by the Borrower or the Guarantors other than Unencumbered Assets referred to in clause (ii) of this definition, the Adjusted Net Operating Income for such Unencumbered Asset for the fiscal quarter immediately preceding such date, annualized, divided by nine percent (9.0%), or (ii) for any Unencumbered Asset acquired or initially leased by the Borrower or the Guarantors within the fiscal quarter

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immediately preceding such date, the purchase price of such Unencumbered Asset multiplied by ninety-five percent (95.0%).

Unsecured Indebtedness. All Indebtedness of Borrower, of any Guarantor or of any of the other Related Companies to the extent not secured by a Lien on any Properties including, without limitation, the Outstanding Obligations and any Indebtedness evidenced by any bonds, debentures, notes or other debt securities presently outstanding or which may be hereafter issued by Borrower or by the Company. Unsecured Indebtedness shall not include accrued ordinary operating expenses payable on a current basis.

Unused Amount. See §4.2

Value of All Unencumbered Assets. As of any date of determination, an amount computed as follows: the sum of (i) the aggregate Adjusted Net Operating Income for the fiscal quarter immediately preceding or ending on such date, annualized, for all Unencumbered Assets owned or leased by the Borrower or the Guarantors other than Unencumbered Assets referred to in clause (ii) of this definition, divided by nine percent (9.0%), plus (ii) the aggregate

purchase price of all Unencumbered Assets acquired or initially leased by the Borrower or the Guarantors within the fiscal quarter immediately preceding or ending on such date, multiplied by ninety-five percent (95.0%); provided, however, that after making such computation, the Value of All Unencumbered Assets shall be reduced by the amount by which the Unencumbered Asset Value of any single Unencumbered Asset exceeds thirty-five percent (35%) of the Value of All Unencumbered Assets as so computed.

Variable Rate Indebtedness. The Loans and all other Indebtedness of the Borrower which bears interest at a rate which is not fixed either through maturity or for a term of at least thirty-six (36) months from the date that such fixed rate became effective.

Voting Interests. Stock or similar ownership interests, of any class or classes (however designated), the holders of which are at the time entitled, as such holders, (a) to vote for the election of a majority of the directors (or persons performing similar functions) of the corporation, association, partnership, trust or other business entity involved, or (b) to control, manage or conduct the business of the corporation, partnership, association, trust or other business entity involved.

§1.2. Rules of Interpretation .

(a) A reference to any document or agreement shall include such document or agreement as amended, modified or supplemented from time to time in accordance with its terms and the terms of this Agreement.

(b) The singular includes the plural and the plural includes the singular.

(c) A reference to any law includes any amendment or modification to such law.

(d) A reference to any Person includes its permitted successors and permitted assigns.

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(e) Accounting terms not otherwise defined herein have the meanings assigned to them by Generally Accepted Accounting Principles applied on a consistent basis by the accounting entity to which they refer and, except as otherwise expressly stated, all use of accounting terms with respect to the Borrower shall reflect the consolidation of the financial statements of Borrower and the Related Companies.

(f) The words “include”, “includes” and “including” are not limiting.

(g) All terms not specifically defined herein or by Generally Accepted Accounting Principles, which terms are defined in the Uniform Commercial Code as in effect in New York, have the meanings assigned to them therein.

(h) Reference to a particular “§” refers to that section of this Agreement unless otherwise indicated.

(i) The words “herein”, “hereof”, “hereunder” and words of like import shall refer to this Agreement as a whole and not to any particular section or subdivision of this Agreement.

(j) The words “so long as any Loan or Note is outstanding” shall mean so long as such Loan or Note is not indefeasibly paid in full in cash.

§2. REVOLVING CREDIT FACILITY.

§2.1. Commitment to Lend; Limitation on Total Commitment. Subject to the provisions of §2.5 and the other terms and conditions set forth in this Agreement, each of the Lenders severally agrees to lend to the Borrower and the Borrower may borrow, repay, and reborrow from time to time between the Effective Date and the Maturity Date upon notice by the Borrower to the Agent given in accordance with §2.5, such sums as are requested by the Borrower up to a maximum aggregate principal amount of the Outstanding Obligations (after giving effect to all amounts requested) at any one time equal to such Lender’s Commitment, provided that the sum of the Outstanding Obligations (after giving effect to all amounts requested) shall not at any time exceed the Maximum Credit Amount. The Loans shall be made pro rata in accordance with each Lender’s Commitment Percentage and the Lenders shall at all times immediately adjust *inter se* any inconsistency between each Lender’s outstanding principal amount and each Lender’s Commitment. Each request for a Loan hereunder shall constitute a representation and warranty by the Borrower that the conditions set forth in §10 or §11 (whichever is applicable) have been satisfied on the date of such request and will be satisfied on the proposed Borrowing Date of the requested Loan, provided that the making of such representation and warranty by Borrower shall not limit the right of any Lender not to lend upon a determination by the Requisite Lenders that such conditions have not been satisfied.

§2.2. Changes in Total Commitment.

(a) Provided that no Default or Event of Default has occurred and is continuing, the Borrower shall have the option at any time and on one occasion prior to the third anniversary of the Effective Date, to request an increase in the Total Commitment by an amount not to

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exceed \$75,000,000 by written notice to the Agent. Upon receipt of such notice, the Agent shall consult with Arranger and shall notify the Borrower of the amount of facility fees to be paid to any Lenders who provide an Additional Commitment in connection with such increase in the Total Commitment. If the Borrower agrees to pay the facility fees so determined, then the Agent shall send a notice to all Lenders (the “Additional Commitment Request Notice”) informing them of the Borrower’s request to increase the Total Commitment and of the facility fees to be paid with respect thereto. Each Lender who desires in its sole discretion to provide an Additional Commitment upon such terms shall provide Agent with a written commitment letter specifying the amount of the Additional Commitment which it is willing to provide prior to such deadline as may be specified in the Additional Commitment Request Notice. If the requested increase is oversubscribed then the Agent and the Arranger shall allocate the Commitment Increase among the Lenders who provide such commitment letters on such basis as the Agent and the Arranger shall determine in their sole discretion. If the Additional Commitments so provided are not sufficient to provide the full amount of the Commitment Increase requested by the Borrower, then the Agent may, but shall not be obligated to, invite one or

more Eligible Assignees to become a Lender and provide an Additional Commitment. If Agent does invite one or more Eligible Assignees to become a Lender and if following any such invitation, the amounts committed are still not sufficient to provide the full amount of the Commitment Increase requested by Borrower, the Commitment Increase shall be reduced to the aggregate of the amounts committed. The Agent shall provide all Lenders with a notice setting forth the amount, if any, of the Additional Commitment to be provided by each Lender and the revised Commitment Percentages which shall be applicable after the effective date of the Commitment Increase specified therein (the "Commitment Increase Date").

(b) On the Commitment Increase Date the outstanding principal balance of the Loans shall be reallocated among the Lenders such that after the Commitment Increase Date the outstanding principal amount of Loans owed to each Lender shall be equal to such Lender's Commitment Percentage (as in effect after the Commitment Increase Date) of the outstanding principal amount of all Loans. On the Commitment Increase Date those Lenders whose Commitment Percentage is increasing shall advance the funds to the Agent and the funds so advanced shall be distributed among the Lenders whose Commitment Percentage is decreasing as necessary to accomplish the required reallocation of the outstanding Loans. The funds so advanced shall be Base Rate Loans until converted to LIBOR Rate Loans which are allocated among all Lenders based on their Commitment Percentages. To the extent such reallocation results in certain Lenders receiving funds which are applied to LIBOR Rate Loans prior to the last day of the applicable Interest Period, then the Borrower shall pay to the Agent for the account of the affected Lenders the Fixed Rate Prepayment Fee which shall be determined separately for each such Lender in the manner set forth in §3.3. On the Commitment Increase Date, the Lenders' respective interests in outstanding Letters of Credit shall also be adjusted to reflect the revised Commitment Percentages. Upon request from any Lender whose interest in an outstanding Letter of Credit is so increasing, the Borrower will pay additional Letter of Credit fees for the amount of such increase at the rate provided in §2.9(c) prorated for the period from the Commitment Increase Date until the expiration of the applicable Letter of Credit.

(c) The Borrower shall have the right at any time upon at least ten (10) Business Days' prior written notice to the Agent (which shall promptly notify each Lender), to reduce by \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof the unborrowed portion of the

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then Total Commitment, provided that the Total Commitment shall not be reduced to less than \$180,000,000, whereupon the Commitments of the Lenders shall be reduced pro rata in accordance with their respective Commitment Percentages by the amount specified in such notice. Upon the effective date of any such reduction, the Borrower shall pay to the Agent for the respective accounts of the Lenders the full amount of any commitment fee required under §4.2 hereof then accrued and unpaid on the amount of the reduction. No reduction of the Commitments may be reinstated.

(d) Upon the effective date of each increase or reduction in the Total Commitment pursuant to this §2.2 the parties shall enter into an amendment of this Agreement revising Schedule 1.2 and the Borrower shall execute and deliver to the Agent new Notes for each Lender whose Commitment has changed so that the maximum principal amount of such Lender's Note shall equal its Commitment. The Agent shall promptly deliver such replacement Notes to the respective Lenders in exchange for the Notes replaced thereby which shall be surrendered by such Lenders. Such new Notes shall provide that they are replacements for the surrendered Notes and that they do not constitute a novation, shall be dated as of the Commitment Increase Date or the effective date of such reduction in the Total Commitment, as applicable, and shall otherwise be in substantially the form of the replaced Notes. On the date of issuance of any new Notes pursuant to this §2.2(d), the Borrower shall deliver an opinion of counsel, addressed to the Lenders and the Agent, relating to the due authorization, execution and delivery of such new Notes and the enforceability thereof, substantially in the form of the relevant portions of the opinion delivered pursuant to §10.6 hereof. The surrendered Notes shall be canceled and returned to the Borrower.

§2.3. The Notes.

(a) The Loans shall be evidenced by separate promissory notes of the Borrower in substantially the form of Exhibit A hereto (each a "Note"), and completed with appropriate insertions. Return and cancellation of the "Notes" under the Existing Agreement and issuance of initial Notes under this Agreement shall be governed by §29 hereof. One Note shall be payable to the order of each Lender in an aggregate principal amount equal to such Lender's Commitment. The Borrower irrevocably authorizes each Lender to make or cause to be made, at or about the time of the Borrowing Date of any Loan or at the time of receipt of any payment of principal on such Lender's Note, an appropriate notation on such Lender's Record reflecting the making of such Loan or (as the case may be) the receipt of such payment. The outstanding amount of the Loans set forth on such Lender's Record shall (absent manifest error) be prima facie evidence of the principal amount thereof owing and unpaid to such Lender, but the failure to record, or any error in so recording, any such amount on the Record shall not limit or otherwise affect the obligations of the Borrower hereunder or under any Note to make payments of principal of or interest on any Note when due.

(b) Upon receipt of an affidavit (including appropriate indemnification) of an officer of any Lender as to the loss, theft, destruction or mutilation of such Lender's Note, and, in the case of such loss, theft, destruction or mutilation, upon cancellation of such Note, the Borrower will issue, in lieu thereof, a replacement note in the same principal amount thereof and otherwise of like tenor.

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§2.4. Interest on Loans.

(a) Each Base Rate Loan shall bear interest commencing with the Borrowing Date thereof at the rate equal to the Base Rate. Changes in the rate of interest resulting from changes in the Base Rate shall take place immediately without demand or notice of any kind.

(b) Each LIBOR Rate Loan shall bear interest for the period commencing with the Borrowing Date thereof and ending on the last day of the Interest Period with respect thereto at the rate equal to the Applicable LIBOR Margin per annum above the LIBOR Rate determined for such Interest Period. Agent shall determine the rate equal to the Applicable LIBOR Margin per annum above the LIBOR Rate which will be in effect during such Interest Period and inform Borrower of such determination (which determination shall be conclusive and binding upon Borrower absent manifest error).

(c) The Borrower unconditionally promises, in accordance with and subject to the provisions of the Loan Documents, to pay interest on each Loan in arrears on each Interest Payment Date with respect thereto.

(d) All agreements between the Borrower and the Guarantors, on the one hand, and Agent and the Lenders, on the other hand, are expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the Obligations or otherwise, shall the amount paid or

agreed to be paid to the Lenders for the use or the forbearance of the Indebtedness evidenced under this Agreement and the Notes exceed the maximum permissible under law. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof; provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Agreement and the Notes shall be governed by such new law as of its effective date. If, under or from any circumstances whatsoever, fulfillment of any provision of this Agreement or any other Loan Document at the time of performance of such provision shall be due, shall involve transcending the limit of such validity prescribed by applicable law, then the obligation to be fulfilled shall automatically be reduced to the limits of such validity, and if under or from any circumstances whatsoever the Lenders should receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal amount of the Loans then outstanding and not to the payment of interest. In the event that, as a result of this §2.4(d), the interest rate on any Loans is reduced and, after such reduction, the maximum permissible interest rate under applicable law exceeds the interest rate payable hereunder, the interest rate on the Loans shall be the maximum permissible interest rate under applicable law until the aggregate amount of interest paid equals the aggregate amount of interest that would have been paid but for this §2.4(d). This provision shall control every other provision of the Loan Documents.

§2.5. Requests for Loans.

(a) The Borrower shall give to the Agent written notice in the form of Exhibit B hereto of each Loan requested hereunder (a "Loan Request") no less than (a) one (1) Business Days prior to the proposed Borrowing Date of any Base Rate Loan and (b) three (3) Eurodollar Business Days prior to the proposed Borrowing Date of any LIBOR Rate Loan. Each such notice shall specify (i) the principal amount of the Loan requested, (ii) the proposed Borrowing Date of

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such Loan, (iii) the Interest Period for such Loan, and (iv) the Type of such Loan, and shall be accompanied by a statement in the form of Exhibit C hereto signed by a Responsible Officer setting forth in reasonable detail computations evidencing compliance with the covenants contained in §9.1 through §9.7 hereof after giving effect to such requested Loan (a "Compliance Certificate"). On the same day as the receipt of a Loan Request for a Base Rate Loan, and within one (1) Business Day after receipt of a Loan Request for a LIBOR Rate Loan, the Agent shall provide to each of the Lenders by facsimile a copy of such Loan Request and accompanying Compliance Certificate and each Lender shall, within 24 hours thereafter (if such following day is a Business Day, and if not, before 12:30 PM Boston time on the next succeeding Business Day), notify the Agent if it believes that any of the conditions contained in §11 of this Agreement has not been met or waived. If such a notice is given, Agent shall poll the Lenders, and the Requisite Lenders shall promptly determine whether all of the conditions contained in §11 of this Agreement have been met or waived. If no such notice is given by any Lender or if following such notice the Requisite Lenders determine that the conditions contained in §11 have been met or waived, or, in any event, if all conditions in §11 have in fact been met or waived, Agent shall notify the Lenders that each of the Lenders shall be obligated to fund its Commitment Percentage of the requested Loans. Each such Loan Request shall be irrevocable and binding on the Borrower and the Borrower shall be obligated to accept the Loan requested from the Lenders on the proposed Borrowing Date. Each Loan Request shall be in a minimum aggregate amount of \$2,000,000 or an integral multiple of \$500,000 in excess thereof.

(b) Notwithstanding anything contained in §2.5 (a) to the contrary, in the event that the making of a requested Loan would cause non-compliance with any of the covenants contained in §9.1 through §9.7 hereof, the Agent may, in its sole discretion, reduce the amount of the Loan Request to an amount which would enable the Borrower to maintain compliance with such otherwise defaulted covenant or covenants and Borrower shall accept the Loan made pursuant to such reduced Loan Request.

§2.6. Conversion Options.

(a) The Borrower may elect from time to time to convert any outstanding Loan to a Loan of another Type, provided that (i) with respect to any such conversion of a LIBOR Rate Loan to a Base Rate Loan, the Borrower shall give the Agent at least three (3) Business Days prior written notice of such election; (ii) with respect to any such conversion of a LIBOR Rate Loan into a Base Rate Loan, such conversion shall only be made on the last day of the Interest Period with respect thereto; (iii) subject to the further proviso at the end of this section and subject to §2.6(b) and §2.6(d) hereof with respect to any such conversion of a Base Rate Loan to a LIBOR Rate Loan, the Borrower shall give the Agent at least three (3) Eurodollar Business Days prior written notice of such election and (iv) no Loan may be converted into a LIBOR Rate Loan when any Default or Event of Default has occurred and is continuing. The Agent shall promptly notify the Lenders of any such request received. On the date on which such conversion is being made, each Lender shall take such action as is necessary to transfer its Commitment Percentage of such Loans to its Domestic Lending Office or its LIBOR Lending Office, as the case may be. All or any part of outstanding Loans of any Type may be converted as provided herein, provided further that each Conversion Request relating to the conversion of a Base Rate Loan to a LIBOR Rate Loan shall be for an amount equal to \$2,000,000 (unless the aggregate

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outstanding principal amount of Loans is less than \$2,000,000) or an integral multiple of \$500,000 in excess thereof and shall be irrevocable by the Borrower.

(b) Any Loans of any Type may be continued as such upon the expiration of an Interest Period with respect thereto by compliance by the Borrower with the notice provisions contained in §2.6 (a) ; provided that no LIBOR Rate Loan may be continued as such when any Default or Event of Default has occurred and is continuing but shall be automatically converted to a Base Rate Loan on the last day of the first Interest Period relating thereto ending during the continuance of any Default or Event of Default of which the officers of the Agent active upon the Borrower's account have actual knowledge.

(c) In the event that the Borrower does not notify the Agent of its election hereunder with respect to any Loan, such Loan shall be automatically converted to a Base Rate Loan at the end of the applicable Interest Period.

(d) The Borrower may not request a LIBOR Rate Loan pursuant to §2.5, elect to convert a Base Rate Loan to a LIBOR Rate Loan pursuant to §2.6(a) or elect to continue a LIBOR Rate Loan pursuant to §2.6(b) if, after giving effect thereto, there would be greater than five (5) LIBOR Rate Loans outstanding. Any Loan Request for a LIBOR Rate Loan that would create greater than five (5) LIBOR Rate Loans outstanding shall be deemed to be a Loan Request for a Base Rate Loan.

§2.7. Funds for Loans.

(a) Subject to §2.5 and other provisions of this Agreement, not later than 1:00 p.m. (Boston time) on the proposed Borrowing Date of any Loans, each of the Lenders will make available to the Agent, at the Agent's Head Office, in immediately available funds, the amount of such Lender's Commitment Percentage of the amount of the requested Loans. Upon receipt from each Lender of such amount, and upon receipt of the documents required by §§10 or 11 (whichever is applicable) and the satisfaction of the other conditions set forth therein, to the extent applicable, the Agent will make available to the Borrower the aggregate amount of such Loans made available to the Agent by the Lenders. The failure or refusal of any Lender to make available to the Agent at the aforesaid time and place on any Borrowing Date the amount of its Commitment Percentage of the requested Loans shall not relieve any other Lender from its several obligation hereunder to make available to the Agent the amount of such other Lender's Commitment Percentage of any requested Loans but shall not obligate any other Lender or Agent to fund more than its Commitment Percentage of the requested Loans or to increase its Commitment Percentage.

(b) The Agent may, unless notified to the contrary by any Lender prior to a Borrowing Date, assume that such Lender has made available to the Agent on such Borrowing Date the amount of such Lender's Commitment Percentage of the Loans to be made on such Borrowing Date, and the Agent may (but it shall not be required to), in reliance upon such assumption, make available to the Borrower a corresponding amount. If any Lender makes available to the Agent such amount on a date after such Borrowing Date, such Lender shall pay to the Agent on demand an amount equal to the product of (i) the average computed for the period referred to in clause (iii) below, of the weighted average interest rate paid by the Agent

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for federal funds acquired by the Agent during each day included in such period, times (ii) the amount of such Lender's Commitment Percentage of such Loans, times (iii) a fraction, the numerator of which is the number of days or portion thereof that elapsed from and including such Borrowing Date to the date on which the amount of such Lender's Commitment Percentage of such Loans shall become immediately available to the Agent, and the denominator of which is 365. A statement of the Agent submitted to such Lender with respect to any amounts owing under this paragraph shall be prima facie evidence of the amount due and owing to the Agent by such Lender.

§2.8 Extension of Maturity Date. (a) Provided that no Default or Event of Default has occurred and is continuing, the Borrower shall have the option, at any time prior to the date which is at least sixty (60) days prior to the third anniversary of the Effective Date, to request an extension of the Maturity Date for a period of one (1) year by written notice to the Agent. Within two (2) Business Days after receipt of Borrower's notice, the Agent shall provide to each of the Lenders by facsimile a copy of such notice. Upon fulfillment of the applicable conditions set forth in clause (b) of this §2.8, the Maturity Date shall be extended for one (1) additional year from the Maturity Date until the fourth anniversary of the Effective Date and, with respect to each Lender, all references in this Agreement and in the Notes to the "Maturity Date" shall refer to the Maturity Date as so extended. The Agent shall notify the Lenders of the extension of the Maturity Date.

(b) The obligation of the Agent and the Lenders to extend the Maturity Date pursuant to this §2.8 is subject to the conditions precedent that (i) on or before the third anniversary of the Effective Date, the Borrower shall have paid to the Agent for the accounts of the Lenders in accordance with their respective Commitment Percentages an extension fee in an amount equal to the product of 25 basis points (0.0025) times the Total Commitment as of the third anniversary of the Effective Date and (ii) on the third anniversary of the Effective Date the following statements shall be true (and a Responsible Officer shall certify the completeness and accuracy of such statements to the Agent and the Lenders on and as of such date):

(x) the representations and warranties contained in this Agreement and the other Loan Documents as to the Borrower and each Guarantor shall be true as of the date as of which they were made and shall also be true at and as of the third anniversary of the Effective Date, with the same effect as if made at and as of that time (except (i) to the extent of changes resulting from transactions contemplated or permitted by this Agreement and the other Loan Documents, (ii) to the extent of changes occurring in the ordinary course of business that singly or in the aggregate are not materially adverse, and (iii) to the extent that such representations and warranties relate expressly to an earlier date); and

(y) no Default or Event of Default shall have occurred and be continuing or would occur as a result of the requested extension of the Maturity Date.

§2.9. Letters of Credit.

(a) Up to \$50,000,000 of the Commitments may be used by Borrower for the issuance of Letters of Credit by the Agent for the account of the Borrower subject to the terms and

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conditions set forth herein. Each Letter of Credit shall be denominated in Dollars and shall be a standby letter of credit issued to support the obligations of Borrower in connection with any purposes for which the proceeds of the Loans may be used pursuant to §7.11. Each Letter of Credit shall have an initial term of not more than one (1) year, and shall expire no later than five (5) Business Days prior to the Maturity Date; provided, however, that the Agent may, in its sole discretion, at the request of Borrower issue Letters of Credit with an initial term in excess of one (1) year, so long as the expiry date of any such Letter of Credit is no later than five (5) Business Days prior to the Maturity Date. Although the Agent shall be the issuing bank of the Letter of Credit, each Lender hereby accepts for its own account and risk an undivided interest equal to its Commitment Percentage in the Agent's obligations and rights under each Letter of Credit issued hereunder. Each Lender unconditionally and irrevocably agrees with the Agent that, if a draft is paid under any Letter of Credit, such Lender shall promptly pay to the Agent an amount equal to such Lender's Commitment Percentage of the amount of such draft or any part thereof, in accordance with §2.9(d). Upon the issuance of each Letter of Credit hereunder, there shall be reserved from each Lender's Commitment an amount equal to such Lender's Commitment Percentage of the face amount of such Letter of Credit. Such reserved amounts shall remain in place and shall be unavailable for borrowing under §2.1 until the date that such Letter of Credit expires, is fully drawn or is terminated.

(b) The Borrower shall give to the Agent a written notice in the form of Exhibit D hereto of each Letter of Credit requested hereunder (a "Letter of Credit Request") no less than five (5) Business Days prior to the proposed issuance date of the requested Letter of Credit. Each Letter of Credit Request shall specify (i) the name and address of the beneficiary of the requested Letter of Credit, (ii) the face amount of the requested Letter of Credit, (iii) the proposed issuance date and expiration date of the requested Letter of Credit, (iv) the proposed form of the requested Letter of Credit, and (v) the permitted purpose for which the Letter of Credit will be used, and shall be accompanied by a Compliance Certificate in the form of Exhibit C hereto signed by a Responsible Officer setting forth in reasonable detail computations evidencing compliance with the covenants contained in §9 hereof after including in the Outstanding

Obligations the face amount of the requested Letter of Credit. The Agent shall also require that the Borrower complete its standard letter of credit application, as such standard form may be revised from time to time, and submit the same together with the Letter of Credit Request. Within two (2) Business Days after receipt of a Letter of Credit Request, the Agent shall provide to each of the Lenders by facsimile a copy of such Letter of Credit Request and accompanying Compliance Certificate and each Lender shall, within 24 hours thereafter (if such following day is a Business Day, and if not, before 12:30 PM Boston time on the next succeeding Business Day), notify the Agent if it believes that any of the conditions contained in §11 of this Agreement has not been met or waived such that a Loan in an amount equal to the face amount of the requested Letter of Credit could be made on the proposed issuance date of such Letter of Credit. If such a notice is given, the Agent shall poll the Lenders, and the Requisite Lenders shall promptly determine whether all of the conditions contained in §11 of this Agreement have been met or waived. If no such notice is given by any Lender or if following such notice the Requisite Lenders determine that the conditions contained in §11 have been met or waived, or if in any event all conditions contained in §11 have in fact been met or waived, the Agent shall notify the Lenders, and the requested Letter of Credit shall be issued by the Agent and each of the Lenders shall then be obligated to the Agent with respect to its Commitment Percentage of the Letter of Credit as provided in this §2.9.

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(c) On or before the issuance date of any requested Letters of Credit, the Borrower shall pay to the Agent for its own account an issuance fee equal to one-eighth percent (.125%) of the face amount of the Letter of Credit. The Borrower shall pay to the Agent for the account of the Lenders a Letter of Credit fee equal to the difference between the then prevailing Applicable LIBOR Margin minus 12.5 basis points per annum of the face amount of each Letter of Credit, which Letter of Credit fee shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter, and shall be prorated for any partial year based on a 360-day year and paid for the actual number of days between the issuance date and the expiration or draw down date of such Letter of Credit. Promptly after its receipt thereof the Agent shall distribute such Letter of Credit fee to the Lenders pro-rata in accordance with their respective Commitment Percentages. Such fees shall be nonrefundable. The Borrower also agrees to reimburse the Agent for all reasonable fees, costs, expenses and disbursements of the Agent in issuing, effecting payment under, amending or otherwise administering any Letter of Credit.

(d) Notwithstanding any other provisions of this Agreement, the Borrower hereby agrees to reimburse the Agent on the Drawing Date, upon the notification of the Agent, for any payment or disbursement made by the Agent under any Letter of Credit. If and to the extent that any amounts are drawn upon any Letters of Credit and are not reimbursed by the Borrower, then on the Business Day immediately following each Drawing Date the Agent shall notify the Lenders of the amount of the draft paid by the Agent on such Drawing Date, and the payment of such draft shall constitute an advance of a Mandatory Base Rate Loan which shall bear interest as a Base Rate Loan from the Drawing Date, but which may be converted to a LIBOR Rate Loan in accordance with the terms hereof; provided, however, that if there then exists a Default or Event of Default, the payment of the draft shall be deemed a purchase by the Lenders of the Agent's right to reimbursement under such Letter of Credit. On the first Business Day after the delivery of the notice to Lenders referenced in the previous sentence, each Lender shall make available to the Agent in immediately available funds its Commitment Percentage of the amount of the Mandatory Base Rate Loan so advanced upon such payment of a draft under the Letter of Credit. If the Agent receives such funds from any Lender on a date after such first Business Day after such notice to the Lenders by Agent, such Lender shall pay to the Agent on demand an amount computed in the same manner as the amount due to the Agent from a Lender which has made available funds for loans after the Borrowing Date thereof pursuant to §2.7(b). Each Lender's obligation to fund its Commitment Percentage of Mandatory Base Rate Loans arising from the payment of a draft under a Letter of Credit shall not be subject to the satisfaction of the conditions set forth in §11. Unless the Borrower has reimbursed the Agent in accordance with the first sentence of this paragraph, then within three (3) Business Days after each Drawing Date, the Borrower shall deliver to the Agent a written explanation of the facts and circumstances relating to such drawing and a Compliance Certificate and any other information reasonably requested by the Agent for the purpose of allowing the Lenders to determine whether the drawing or related events have resulted in a Default or Event of Default. The Agent shall promptly provide copies of such explanation, Compliance Certificate and information to the Lenders.

(e) The Borrower's obligations under this §2.9 shall be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which the Borrower may have or have had against the Agent, any Lender or any beneficiary of a

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Letter of Credit. The Borrower also agrees that the Agent shall not be responsible for, and the Borrower's reimbursement obligations hereunder shall not be affected by, among other things, (i) the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or (ii) any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or (iii) any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee. The Agent shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors, omissions, interruptions or delays caused by the Agent's gross negligence or willful misconduct. The Borrower agrees that any action taken or omitted by the Agent under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct and in accordance with the standards of care specified in the Uniform Customs and Practices for Documentary Credits as the same may be amended from time to time, shall be binding on the Borrower and shall not result in any liability of the Agent to the Borrower.

(f) In the event that any Letters of Credit are in effect at the time of (i) a voluntary termination of this Agreement in connection with an optional prepayment of all Loans in accordance with §3.3 or (ii) an acceleration of the maturity of the Loans pursuant to §12.1, the amounts which shall thereupon become immediately due and payable by the Borrower shall include a sum equal to the aggregate face amount of such then effective Letters of Credit. Such sum shall be deposited in an interest bearing cash collateral account to be opened by the Agent which shall be under the sole dominion and control of the Agent for the benefit of the Lenders. The Borrower hereby grants to the Agent for the benefit of the Lenders as security for the Obligations a first priority security interest in such cash collateral account and all deposits at any time therein and the proceeds thereof and the Borrower shall execute and deliver such documents and take all actions as may be required to create and maintain a valid and perfected first priority Lien on such cash collateral account in favor of the Agent for the benefit of the Lenders. Amounts held in such cash collateral account shall be applied by the Agent on each Drawing Date thereafter to reimburse the Lenders in respect of Loans made to pay any drafts presented pursuant to the Letters of Credit. After all Letters of Credit have been fully drawn upon, expired or otherwise terminated, any balance remaining in such cash collateral account shall be applied in the same manner as enforcement proceeds under §12.4.

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§3. REPAYMENT OF THE LOANS.

§3.1. Maturity. The Borrower unconditionally promises, in accordance with, and subject to, the provisions of the Loan Documents, to pay on the Maturity Date, and there shall become absolutely due and payable on the Maturity Date, all of the Loans outstanding on such date, together with any and all accrued and unpaid interest and charges thereon.

§3.2. Mandatory Repayments of Loan. If at any time the sum of the Outstanding Obligations exceeds the Maximum Credit Amount, then the Borrower shall immediately pay the amount of such excess to the Agent for the respective accounts of the Lenders for application to the Loans.

§3.3. Optional Repayments of Loans. The Borrower shall have the right, at its election, to repay the outstanding amount of the Loans, as a whole or in part, on any Business Day, without penalty or premium; provided that the full or partial prepayment of the outstanding amount of any LIBOR Rate Loans made pursuant to this §3.3 may be made only on the last day of the Interest Period relating thereto, except as set forth below in this §3.3. The Borrower shall give the Agent no later than 10:00 a.m., Boston time, at least one (1) Business Day's prior written notice of any prepayment pursuant to this §3.3 of any Base Rate Loans and three (3) Eurodollar Business Days' notice of any proposed repayment pursuant to this §3.3 of any LIBOR Rate Loans, specifying the proposed date of payment of Loans and the principal amount to be paid. The Agent shall promptly notify each Lender of the principal amount of such payment to be received by such Lender. Each such partial prepayment of the Loans shall be in an integral multiple of \$1,000,000 (or, if the aggregate outstanding principal amount of Loans is less than \$1,000,000, the full amount thereof) and, to the extent requested by the Agent, shall be accompanied by the payment of all charges outstanding on all Loans and of accrued interest on the principal repaid to the date of payment. Unless otherwise requested by the Borrower, the principal payments so received shall be applied first to the principal of Base Rate Loans and then to the principal of LIBOR Rate Loans. Notwithstanding anything contained herein to the contrary, the Borrower may make a full or partial prepayment of a LIBOR Rate Loan on a date other than the last day of the Interest Period relating thereto, if all such optional prepayments (in whole or in part) on such Loans shall be accompanied by, and the Borrower hereby promises to pay, a prepayment fee in an amount determined by the Agent in the following manner:

(a) Fixed Rate Prepayment Fee. Borrower acknowledges that prepayment or acceleration of a LIBOR Rate Loan during an Interest Period shall result in the Lenders incurring additional costs, expenses and/or liabilities and that it is extremely difficult and impractical to ascertain the extent of such costs, expenses and/or liabilities. (For all purposes of this Section, any Loan not being made as a LIBOR Rate Loan in accordance with the Loan Request therefor, as a result of Borrower's cancellation thereof, shall be treated as if such LIBOR Rate Loan had been prepaid.) Therefore, on the date a LIBOR Rate Loan is prepaid or the date all sums payable hereunder become due and payable, by acceleration or otherwise ("Prepayment Date"), Borrower will pay to Agent, for the account of each Lender (in addition to all other sums then owing), an amount ("Fixed Rate Prepayment Fee") determined by the Agent as follows: The current rate for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent) with a maturity date closest to the end of the Interest Period as to which prepayment is made, shall be subtracted from the interest rate applicable to the LIBOR Rate Loan being

prepaid. If the result is zero or a negative number, there shall be no Fixed Rate Prepayment Fee. If the result is a positive number, then the resulting percentage shall be multiplied by the amount of the LIBOR Rate Loan being prepaid. The resulting amount shall be divided by 360 and multiplied by the number of days remaining in the Interest Period as to which the prepayment is being made. The resulting amount shall be the Fixed Rate Prepayment Fee.

(b) Upon the written notice to Borrower from Agent, Borrower shall immediately pay to Agent, for the account of the Lenders, the Fixed Rate Prepayment Fee. Such written notice (which shall include calculations in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the parties hereto.

(c) Borrower understands, agrees and acknowledges the following: (i) no Lender has any obligation to purchase, sell and/or match funds in connection with the use of the LIBOR Rate as a basis for calculating the rate of interest on a LIBOR Rate Loan; (ii) the LIBOR Rate is used merely as a reference in determining such rate; and (iii) Borrower has accepted the LIBOR Rate as a reasonable and fair basis for calculating such rate and a Fixed Rate Prepayment Fee. Borrower further agrees to pay the Fixed Rate Prepayment Fee, if any, whether or not a Lender elects to purchase, sell and/or match funds.

§4. CERTAIN GENERAL PROVISIONS.

§4.1. [Intentionally Omitted].

§4.2. Commitment Fee. The Borrower shall pay to the Agent for the accounts of the Lenders in accordance with their respective Commitment Percentages a commitment fee calculated at the rates set forth below per annum on the average daily amount by which the Total Commitment (as it may have been reduced or increased pursuant to §2.2) exceeds the Outstanding Obligations (such excess, the "Unused Amount"):

<u>Unused Amount</u>	<u>Fee Rate</u>
less than 35% of Total Commitment	15 basis points
35% or more of Total Commitment	25 basis points

The commitment fee shall be payable on the basis of the applicable annual rate quarterly in arrears on or before the third Business Day of each calendar quarter for the immediately preceding calendar quarter commencing on the first such date following the date hereof, with a final payment on the Maturity Date or any earlier date on which the Commitments shall terminate. If Borrower exercises its option to increase the Total Commitment pursuant to §2.2(a), the commitment fee shall be computed separately for the portions of the quarter prior to and after the Commitment Increase Date and allocated among the Lenders based on the Commitment Percentages applicable during each portion of said quarter.

§4.3. Funds for Payments.

(a) All payments of principal, interest, closing fees, commitment fees and any other amounts due hereunder (other than as provided in §4.1, §4.5 and §4.6) or under any of the other Loan Documents, and all prepayments, shall be made to the Agent, for the respective accounts of the Lenders, at the Agent's Head Office, in each case in Dollars in immediately available funds.

(b) All payments by the Borrower hereunder and under any of the other Loan Documents shall be made without setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory liens, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless the Borrower is compelled by law to make such deduction or withholding. If any such obligation is imposed upon the Borrower with respect to any amount payable by it hereunder or under any of the other Loan Documents, the Borrower shall pay to the Agent, for the account of the Lenders or (as the case may be) the Agent, on the date on which such amount is due and payable hereunder or under such other Loan Document, such additional amount in Dollars as shall be necessary to enable the Lenders or the Agent to receive the same net amount which the Lenders or the Agent would have received on such due date had no such obligation been imposed upon the Borrower. The Borrower will deliver promptly to the Agent certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by the Borrower hereunder or under such other Loan Document.

(c) In the event that Borrower is obligated to pay any additional amounts described in clause (b) above in respect of any Lender's Loan, such Lender shall make commercially reasonable efforts to change the jurisdiction of its lending office if, in the reasonable judgment of such Lender, doing so would eliminate or reduce Borrower's obligation to pay such additional amounts and would not be disadvantageous to such Lender.

§4.4. Computations. All computations of interest on the Loans and of other fees to the extent applicable shall be based on a 360-day year and paid for the actual number of days elapsed. Except as otherwise provided in the definition of the term "Interest Period" with respect to LIBOR Rate Loans, whenever a payment hereunder or under any of the other Loan Documents becomes due on a day that is not a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and interest shall accrue during such extension. The outstanding amount of the Loans as reflected on the Records from time to time shall (absent manifest error) be considered correct and binding on the Borrower unless within thirty (30) Business Days after receipt by the Agent or any of the Lenders from Borrower of any notice by the Borrower of such outstanding amount, the Agent or such Lender shall notify the Borrower to the contrary.

§4.5. Additional Costs, Etc. If any change from and after the date hereof in any present or future applicable law which expression, as used herein, includes statutes, rules and regulations thereunder and interpretations thereof by any competent court or by any governmental or other regulatory body or official charged with the administration or the interpretation thereof and requests, directives, instructions and notices at any time or from time to time hereafter made

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upon or otherwise issued to any Lender or the Agent by any central bank or other fiscal, monetary or other authority (whether or not having the force of law), shall:

(a) subject any Lender or the Agent to any tax, levy, impost, duty, charge, fee, deduction or withholding of any nature with respect to this Agreement, the other Loan Documents, such Lender's Commitment or the Loans (other than taxes based upon or measured by the income or profits of such Lender or the Agent), or

(b) materially change the basis of taxation (except for changes in taxes on income or profits) of payments to any Lender of the principal of or the interest on any Loans or any other amounts payable to any Lender under this Agreement or the other Loan Documents, or

(c) impose or increase or render applicable (other than to the extent specifically provided for elsewhere in this Agreement) any special deposit, reserve, assessment, liquidity, capital adequacy or other similar requirements (whether or not having the force of law) against assets held by, or deposits in or for the account of, or Loans by, or commitments of an office of any Lender, or

(d) impose on any Lender any other conditions or requirements with respect to this Agreement, the other Loan Documents, the Loans, the Commitment, or any class of Loans or commitments of which any of the Loans or the Commitment forms a part;

and the result of any of the foregoing is

(i) to increase the cost to such Lender of making, funding, issuing, renewing, extending or maintaining any of the Loans or such Lender's Commitment, or

(ii) to reduce the amount of principal, interest or other amount payable to such Lender or the Agent hereunder on account of the Commitments or any of the Loans, or

(iii) to require such Lender or the Agent to make any payment or to forego any interest or other sum payable hereunder, the amount of which payment or foregone interest or other sum is calculated by reference to the gross amount of any sum receivable or deemed received by such Lender or the Agent from the Borrower hereunder,

then, and in each such case, the Borrower will, upon demand made by such Lender or (as the case may be) the Agent at any time and from time to time and as often as the occasion therefor may arise, pay to such Lender or the Agent, to the extent permitted by law, such additional amounts as will be sufficient to compensate such Lender or the Agent for such additional cost, reduction, payment or foregone interest or other sum.

§4.6. Capital Adequacy. If any present or future law, governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) or the interpretation thereof by a court or governmental authority with appropriate jurisdiction affects the amount of capital required or expected to be maintained by banks or bank holding companies and any Lender or the Agent determines that the amount of capital required to be maintained by it is increased by or based upon the existence of the Loans made or deemed to be made pursuant hereto, then such Lender or the Agent may notify the Borrower of such fact, and the Borrower

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shall pay to such Lender or the Agent from time to time on demand, as an additional fee payable hereunder, such amount as such Lender or the Agent shall determine in good faith and certify in a notice to the Borrower to be an amount that will adequately compensate such Lender or the Agent in light of these circumstances for its increased costs of maintaining such capital. Each Lender and the Agent shall allocate such cost increases among its customers in good faith and on an equitable basis.

§4.7. Certificate. Each Lender shall notify the Borrower and the Agent of any event occurring after the Effective Date entitling such Lender to compensation under §4.5 or §4.6 as promptly as practicable. A certificate setting forth any additional amounts payable pursuant to §§4.5 or 4.6 and a brief explanation of such amounts which are due, submitted by any Lender or the Agent to the Borrower, shall be prima facie evidence that such amounts are due and owing.

§4.8. Indemnity. In addition to the other provisions of this Agreement regarding any such matters, the Borrower agrees to indemnify each Lender and to hold each Lender harmless from and against any loss or reasonable cost or expense (including loss of anticipated profits) that such Lender may sustain or incur as a consequence of (a) a default by the Borrower in payment of the principal amount of or any interest on any LIBOR Rate Loans as and when due and payable, including any such loss or expense caused by Borrower's breach or other default and arising from interest or fees payable by such Lender to lenders of funds obtained by it in order to maintain its LIBOR Rate Loans, (b) a default by the Borrower in making a borrowing, continuation or conversion after the Borrower has given (or is deemed to have given) a Loan Request or a Conversion Request, and (c) the making of any payment of a LIBOR Rate Loan or the making of any conversion of a LIBOR Rate Loan to a Base Rate Loan on a day that is not the last day of the applicable Interest Period with respect thereto, including interest or fees payable by such Lender to lenders of funds obtained by it in order to maintain any such LIBOR Rate Loan (including, but not limited to, any fees payable under §3.3(a) hereof).

§4.9. Interest on Overdue Amounts. Overdue principal and (to the extent permitted by applicable law) interest on the Loans and all other overdue amounts payable hereunder or under any of the other Loan Documents, including amounts owed from and after the occurrence of an Event of Default, shall bear interest compounded monthly and payable on demand at a rate per annum equal to four percent (4%) above the Base Rate until such amount shall be paid in full (after as well as before judgment) .

§4.10. Inability to Determine LIBOR Rate. In the event, prior to the commencement of any Interest Period relating to any LIBOR Rate Loan, the Agent shall reasonably determine that adequate and reasonable methods do not exist for ascertaining the LIBOR Rate that would otherwise determine the rate of interest to be applicable to any LIBOR Rate Loan during any Interest Period, the Agent shall forthwith give notice of such determination (which shall be conclusive and binding on the Borrower) to the Borrower. In such event (a) any Loan Request with respect to LIBOR Rate Loans shall be automatically withdrawn and shall be deemed a request for Base Rate Loans, (b) each then outstanding LIBOR Rate Loan will automatically, on the last day of the then current Interest Period thereof, become a Base Rate Loan, and (c) the obligations of the Lenders to make LIBOR Rate Loans shall be suspended until the Agent determines in good faith that the circumstances giving rise to such suspension no longer exist, whereupon the Agent shall so notify the Borrower.

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§4.11. Illegality. Notwithstanding any other provisions herein, if any present or future law, regulation, treaty or directive or any change in the interpretation or application thereof shall make it unlawful for any Lender to make or maintain LIBOR Rate Loans, such Lender shall forthwith give notice of such circumstances to the Borrower and the Agent and thereupon (a) the Commitment of such Lender to make LIBOR Rate Loans or convert Loans of another Type to LIBOR Rate Loans shall forthwith be suspended and (b) the LIBOR Rate Loans then outstanding shall be converted automatically to Base Rate Loans on the last day of each Interest Period applicable to such LIBOR Rate Loans or within such earlier period as may be required by law. The Borrower hereby agrees promptly to pay to the Agent for the account of such Lender, upon demand, any additional amounts necessary to compensate such Lender for any costs incurred by such Lender in making any conversion in accordance with this §4.11, including any interest or fees payable by such Lender to lenders of funds obtained by it in order to make or maintain its LIBOR Rate Loans hereunder. The Base Rate shall remain in effect thereafter unless and until such Lender shall have determined in good faith (which determination shall be conclusive and binding upon Borrower) that the aforesaid circumstances no longer exist, whereupon such Lender shall notify Borrower and Agent and Borrower may submit a Conversion Request in accordance with the provisions of § 2.6 hereof.

§4.12. Replacement of Lenders. If Agent or any of the Lenders shall make a notice or demand upon the Borrower pursuant to §4.3, §4.5, §4.6, or §4.11 based on circumstances or laws which are not generally applicable to the Lenders organized under the laws of the United States or any State thereof, the Borrower shall have the right to replace such Lender with an Eligible Assignee selected by the Borrower and approved by the Agent (which consent shall not be unreasonably withheld or delayed). In such event the assignment shall take place as promptly as reasonably practicable on a date set by the Agent at which time the assigning Lender and the Eligible Assignee shall enter into an Assignment and Acceptance as contemplated by § 19.1 (and clause (d) thereof shall not be applicable) and the assigning Lender shall receive from the Eligible Assignee or the Borrower a sum equal to the outstanding principal amount of the Loans owed to the assigning Lender together with accrued interest thereon plus the accrued commitment fee under § 4.2 allocated to the assigning Lender, and all other amounts due to such Lender, including any amounts pursuant to this § 4, and the replaced Lender shall be released from all of the obligations of a Lender hereunder from and after the effective date of its replacement.

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§5. UNENCUMBERED ASSETS; NO LIMITATION ON RECOURSE.

§5.1. Unencumbered Assets.

(a) The Borrower represents and warrants that each of the Real Estate Assets listed on Schedule 1.1 will on the Effective Date satisfy all of the conditions set forth in the definition of Unencumbered Asset. The Lenders confirm that each of the Real Estate Assets listed on Schedule 1.1 is, on the Effective Date, accepted as an Unencumbered Asset. From time to time during the term of this Agreement, upon the written consent of the Majority Lenders (which consent shall not be unreasonably withheld or delayed), and subject to the owner of such Real Estate Asset becoming a Guarantor pursuant to § 5.6, additional Real Estate Assets may become Unencumbered Assets and certain Real Estate Assets which previously satisfied the conditions set forth in the definition of Unencumbered Asset may cease to be Unencumbered Assets by virtue of property dispositions, creation of Liens or other reasons. There shall be attached to each Compliance Certificate delivered pursuant to § 7.4(d) or § 7.13 an updated listing of the Unencumbered Assets relied upon by the

Borrower in computing the Value of All Unencumbered Assets and the Unencumbered Asset Adjusted Net Operating Income stated in such Compliance Certificate. Compliance Certificates delivered pursuant to § 2.5(a) or § 2.9(b) may, at Borrower's option, include an updated listing of the Unencumbered Assets and shall include such updated listing whenever a redetermination of the Value of All Unencumbered Assets based on such an updated listing would result in a material decrease (from that shown on the most recently delivered Compliance Certificate) in the Value of All Unencumbered Assets by virtue of property dispositions, creation of Liens or other reasons.

(b) The Agent, at the written direction of the Requisite Lenders and subject to the provisions of §15 hereof, may from time to time obtain Appraisals of any Unencumbered Assets, and the Borrower and the Guarantors shall cooperate fully with the appraiser selected by the Agent to conduct such Appraisals. In the event that the Borrower obtains an appraisal of one or more of the Unencumbered Assets other than pursuant to this subsection, the Borrower shall at its expense deliver a copy of such appraisal to the Agent promptly upon the completion thereof, and the Agent may elect, in its sole discretion and subject to applicable laws, to treat such appraisal as an "Appraisal."

§5.2. Waivers by Requisite Lenders.

(i) If any Real Estate Asset fails to satisfy any of the requirements contained in the definition of Unencumbered Asset then the applicable Real Estate Asset may nevertheless be deemed to be an Unencumbered Asset hereunder if the Requisite Lenders vote to accept such Real Estate Asset as an Unencumbered Asset.

(ii) Notwithstanding the foregoing, Borrower, upon prior written request to the Agent, shall be permitted a six month waiver without the consent of the Requisite Lenders of the Occupancy Rate requirements of the definition of "Unencumbered Asset" for a particular Unencumbered Asset under the following conditions:

(A) there shall be a termination or expiration of any Lease(s) in a particular Real Estate Asset resulting in occupancy below 70% but greater than 50%,

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(B) during six (6) months from the date of such expiration(s) or termination(s) Borrower is diligently attempting to re-establish an Occupancy Rate of at least 70% ,

(C) the Value of All Unencumbered Assets is at least \$650 Million at the time of the waiver request, and

(D) Unencumbered Assets which fail to meet the Occupancy Rate requirements of the definition of "Unencumbered Asset" shall have an aggregate Unencumbered Asset Value no greater than 10% of the Value of All Unencumbered Assets.

§5.3. Rejection of Unencumbered Assets. If at any time the Agent determines that any Real Estate Asset listed as an Unencumbered Asset by the Borrower does not satisfy all of the requirements of the definition of Unencumbered Asset (to the extent not waived by the Requisite Lenders pursuant to §5.2(i) or by the Agent pursuant to §5.2(ii)) it shall reject an Unencumbered Asset by notice to the Borrower, and the Borrower shall revise the applicable Compliance Certificate to reflect the resulting change in the Value of All Unencumbered Assets and the Unencumbered Asset Adjusted Net Operating Income.

§5.4. Change in Circumstances. If at any time during the term of this Agreement Borrower becomes aware that any of the representations contained in §6 are no longer accurate with respect to any Unencumbered Asset, it will promptly so notify the Agent and either request a waiver pursuant to §5.2 or confirm that such Real Estate Asset is no longer an Unencumbered Asset. If any waiver so requested is not granted by the Requisite Lenders or the Agent, as applicable, within ten (10) Business Days the Agent shall reject the applicable Unencumbered Asset pursuant to §5.3.

§5.5. No Limitation on Recourse. The Obligations are full recourse obligations of the Borrower and of the Guarantors, and all of their respective Real Estate Assets and other properties shall be available for the indefeasible payment in full in cash and performance of the Obligations.

§5.6. Additional Guarantor Subsidiaries. (a) If Borrower desires that a Real Estate Asset owned by a Related Company which is not previously a Guarantor become an Unencumbered Asset, then as a condition thereto the applicable Related Company (x) shall be a direct or indirect Subsidiary of Borrower or any Guarantor, and (y) shall become a Guarantor by delivery to the Agent of the following, all in form and substance reasonably satisfactory to the Agent: (i) a supplement to this Agreement executed and delivered by the such proposed Guarantor assenting to be bound by all the terms of the Loan Documents as a Guarantor, and (ii) good standing certificates, general partner certificates, secretary certificates, opinions of counsel and such other documents as may be reasonably requested by the Agent. The Agent shall promptly provide copies of said documents to the Lenders.

(b) Borrower may transfer title to any Unencumbered Asset owned by Borrower to a single purpose limited liability company wholly-owned by Borrower provided that such limited liability company (x) delivers to Agent the items described in clauses (i) and (ii) of the preceding clause (a), all in form and substance reasonably satisfactory to Agent and (y) becomes a Guarantor hereunder.

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§6. REPRESENTATIONS AND WARRANTIES. The Borrower and the Guarantors jointly and severally represent and warrant to the Agent and each of the Lenders as follows:

§6.1. Authority; Etc.

(a) Organization; Good Standing. The Company (i) is a Maryland corporation duly organized, validly existing and in good standing under the laws of the State of Maryland, (ii) has all requisite power to own its properties and conduct its business as now conducted and as presently contemplated, and (iii) to the extent required by law is in good standing as a foreign entity and is duly authorized to do business in the States in which the Unencumbered Assets are located and in each other jurisdiction where such qualification is necessary except where a failure to be so qualified in such other jurisdiction would not have a Material Adverse Effect. The Borrower is a Delaware limited partnership, and each of the Borrower and each Guarantor is duly organized,

validly existing and in good standing under the laws of the State of its formation, has all requisite power to own its properties and conduct its business as presently contemplated and is duly authorized to do business in the States in which the Unencumbered Assets owned by it are located and in each other jurisdiction where such qualification is necessary except where a failure to be so qualified in such other jurisdiction would not have a Material Adverse Effect.

(b) Authorization. The execution, delivery and performance of this Agreement and the other Loan Documents to which the Borrower is or is to become a party and the transactions contemplated hereby and thereby (i) are within the authority of the Borrower, (ii) have been duly authorized by all necessary proceedings on the part of the Borrower and the Company as general partner of Borrower, (iii) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which the Borrower or the Company is subject or any judgment, order, writ, injunction, license or permit applicable to the Borrower or the Company and (iv) do not conflict with any provision of the Borrower's partnership agreement or Company's charter documents or bylaws, or any agreement (except agreements as to which such a conflict would not result in a Material Adverse Effect) or other instrument binding upon, the Borrower or the Company or to which any of their properties are subject. The execution, delivery and performance of the Loan Documents to which any Guarantor is or is to become a party and the transactions contemplated hereby and thereby (i) are within the authority of such Guarantor, (ii) have been duly authorized by all necessary proceedings on the part of such Guarantor, (iii) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which such Guarantor is subject or any judgment, order, writ, injunction, license or permit applicable to such Guarantor and (iv) do not conflict with any provision of such Guarantor's charter documents or bylaws, partnership agreement, declaration of trust, or any agreement (except agreements as to which such a conflict would not result in a Material Adverse Effect) or other instrument binding upon such Guarantor or to which any of such Guarantor's properties are subject.

(c) Enforceability. The execution and delivery of this Agreement and the other Loan Documents to which the Borrower is or is to become a party will result in valid and legally binding obligations of the Borrower enforceable against it in accordance with the respective terms and provisions hereof and thereof, except as enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except to the extent that availability of the remedy of

specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought. The execution and delivery of the Loan Documents to which any Guarantor is or is to become a party will result in valid and legally binding obligations of such Guarantor enforceable against such Guarantor in accordance with the respective terms and provisions hereof and thereof, except as enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought.

§6.2. Governmental Approvals. The execution, delivery and performance by the Borrower and each Guarantor of this Agreement and the other Loan Documents to which the Borrower or such Guarantor is or is to become a party and the transactions contemplated hereby and thereby do not require the approval or consent of, or filing with, any governmental agency or authority other than those already obtained.

§6.3. Title to Properties.

(a) Either the Borrower or a Guarantor holds good and marketable fee simple title to, or holds a marketable leasehold interest pursuant to a Ground Lease of, the Unencumbered Assets, subject to no Liens except for the Permitted Liens.

(b) Except as indicated on Schedule 6.3 hereto, the Borrower or a Subsidiary holds good and marketable fee simple title to, or holds a marketable leasehold interest pursuant to a Ground Lease of, all of the properties reflected in the balance sheet of the Borrower as at the Balance Sheet Date or acquired since that date (except properties sold or otherwise disposed of in the ordinary course of business since that date).

§6.4. Financial Statements. The following financial statements have been furnished to the Agent.

(a) A balance sheet of the Company as of the Balance Sheet Date, and a statement of operations and statement of cash flows of the Company for the fiscal year then ended, a balance sheet of the Borrower as of the Balance Sheet Date, and a statement of operations and statement of cash flows of the Borrower for the fiscal year then ended, all accompanied by an auditor's report prepared without qualification by Ernst & Young. Such balance sheets and statements of operations and of cash flows have been prepared in accordance with Generally Accepted Accounting Principles and fairly present the financial condition of the Borrower and the Company, respectively as at the close of business on the date thereof and the results of operations and cash flows for the fiscal year then ended. There are no contingent liabilities of the Borrower or the Company, respectively, as of such date involving material amounts, known to the officers of the Company not disclosed in said balance sheet and the related notes thereto.

(b) A balance sheet and a statement of operations and statement of cash flows of the Company and a balance sheet and a statement of operations and statement of cash flows of the Borrower for each of the fiscal quarters of the Company ended since the Balance Sheet Date

but prior to the Effective Date for which the Company has filed form 10-Q with the SEC, which the Company's Responsible Officer certifies has been prepared in accordance with Generally Accepted Accounting Principles consistent with those used in the preparation of the annual audited statements delivered pursuant to paragraph (a) above and fairly represents the financial condition of the Company and the Borrower, respectively, as at the close of business on the dates thereof and the results of operations and of cash flows for the fiscal quarters then ended (subject to year-end adjustments). There are no contingent liabilities of the Borrower or the Company as of such dates involving material amounts, known to the officers of the Company, not disclosed in such balance sheets and the related notes thereto.

(c) A statement prepared by the Borrower which sets forth the total Net Operating Income of the Unencumbered Assets for the fiscal quarter of the Borrower ended on the Balance Sheet Date.

§6.5. No Material Changes, Etc. Since the Balance Sheet Date, there has occurred no material adverse change in the financial condition or assets or business of the Borrower or the Company as shown on or reflected in the balance sheet of the Borrower and the Company as of the Balance Sheet Date, or the statement of income for the fiscal year then ended, other than changes in the ordinary course of business that have not had any Material Adverse Effect either individually or in the aggregate.

§6.6. Franchises, Patents, Copyrights, Etc. The Borrower and each Guarantor possesses all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted without known conflict with any rights of others, except to the extent the Borrower's or such Guarantor's failure to possess the same does not have a Material Adverse Effect.

§6.7. Litigation. Except as listed and described on Schedule 6.7 hereto, there are no actions, suits, proceedings or investigations of any kind pending or, to Borrower's knowledge, threatened against the Borrower, any Guarantor or any of the Related Companies before any court, tribunal or administrative agency or board that, if adversely determined, might, either in any case or in the aggregate, have a Material Adverse Effect or materially impair the right of the Borrower, any Guarantor or any of the Related Companies to carry on business substantially as now conducted by it, or which question the validity of this Agreement or any of the other Loan Documents, any action taken or to be taken pursuant hereto or thereto, or which would result in a Lien (other than a Permitted Lien) on any Unencumbered Asset which might have a Material Adverse Effect, or which will materially adversely affect the ability of the Borrower or any Guarantor to pay and perform the Obligations in the manner contemplated by this Agreement and the other Loan Documents.

§6.8. No Materially Adverse Contracts, Etc. Neither the Borrower nor the Company nor any other Guarantor is subject to any charter, trust or other legal restriction, or any judgment, decree, order, rule or regulation that has or is expected in the future to have a Material Adverse Effect. Neither the Borrower nor the Company is a party to any contract or agreement that has or is expected, in the judgment of the Company's officers, to have any Material Adverse Effect.

§6.9. Compliance With Other Instruments, Laws, Etc. Neither the Borrower nor the

Company nor any other Guarantor is in violation of any provision of the Borrower's partnership agreement or of the Company's or other Guarantor's charter documents, by-laws, or any agreement or instrument to which it may be subject or by which it or any of its properties may be bound or any decree, order, judgment, statute, license, rule or regulation, in any of the foregoing cases in a manner that could result in the imposition of substantial penalties or have a Material Adverse Effect.

§6.10. Tax Status. Each of the Borrower and the Company and each other Guarantor (a) has made or filed all federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject, and (b) has paid all taxes and other governmental assessments and charges shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and by appropriate proceedings. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim.

§6.11. Event of Default. No Default or Event of Default has occurred and is continuing.

§6.12. Investment Company Act. Neither the Borrower nor the Company nor any other Guarantor is an "investment company", or an "affiliated company" or a "principal underwriter" of an "investment company", as such terms are defined in the Investment Company Act of 1940.

§6.13. Absence of Financing Statements, Etc. There is no financing statement, security agreement, chattel mortgage, real estate mortgage, equipment lease, financing lease, option, encumbrance or other document existing, filed or recorded with any filing records, registry, or other public office, that purports to cover, affect or give notice of any present or possible future lien or encumbrance on, or security interest in, any Unencumbered Asset, except Permitted Liens.

§6.14. Status of the Company. The Company (i) is a real estate investment trust as defined in Section 856 of the Code (or any successor provision thereto), (ii) has not revoked its election to be a real estate investment trust, (iii) has not engaged in any "prohibited transactions" as defined in Section 856(b)(6)(iii) of the Code (or any successor provision thereto), and (iv) for its current "tax year" (as defined in the Code) is, and for all prior tax years subsequent to its election to be a real estate investment trust has been, entitled to a dividends paid deduction which meets the requirements of Section 857 of the Internal Revenue Code. The common stock of the Company is listed for trading on the New York Stock Exchange.

§6.15. Certain Transactions. Except as set forth on Schedule 6.15 hereto, none of the officers or employees of the Borrower or any Guarantor is presently a party to any transaction with the Borrower or any Guarantor (other than for services as employees, officers and trustees), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, trustee or such employee or, to the knowledge of the Borrower and the Company, any corporation, partnership, trust or other entity in which any officer, trustee or any such employee or natural Person related to such officer, trustee or employee or other Person in which such officer, trustee or employee has a direct or indirect beneficial interest has a substantial interest or is an officer or trustee.

§6.16. Benefit Plans: Multiemployer Plans: Guaranteed Pension Plans. As of the date hereof, neither the Borrower or any Guarantor nor any ERISA Affiliate maintains or contributes to any Employee Benefit Plan, Multiemployer Plan or Guaranteed Pension Plan, except as may be set forth on Schedule 6.16. To the extent that Borrower or any Guarantor or any ERISA Affiliate hereafter maintains or contributes to any Employee Benefit Plan or Guaranteed Pension Plan, it shall at all times do so in compliance with §7.17 hereof. None of the assets of the Borrower or any of the Guarantors is "plan assets" of any Employee Benefit Plan for purposes of Title I of ERISA.

§6.17. Regulations U and X. No portion of any Loan is to be used for the purpose of purchasing or carrying any "margin security" or "margin stock" as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. Parts 221 and 224.

§6.18. Environmental Compliance. Except as disclosed in Schedule 6.18 hereto, to the best knowledge of the Borrower:

(a) The Borrower, the Guarantors and the Related Companies are in compliance with all Environmental Laws pertaining to any hazardous waste, as defined by 42 U.S.C. §9601(5), any Hazardous Materials as defined by 42 U.S.C. §9601(14), any pollutant or contaminant as defined by 42 U.S.C. §9601(33) or any toxic substances, oil or hazardous materials or other chemicals or substances regulated by any Environmental Laws (“Hazardous Materials”) the failure with which to comply would have a Material Adverse Effect. None of the Properties and no other property used by the Borrower, the Guarantors or the Related Companies is included or proposed for inclusion on the National Priorities List issued pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended (“CERCLA”), or on the Comprehensive Environmental Response Compensation and Liability Information System maintained by the United States Environmental Protection Agency (the “EPA”) or on any analogous list maintained by any other Governmental Authority and has not otherwise been identified by the EPA as a potential CERCLA site.

(b) The Borrower, the Guarantors and the Related Companies have not, at any time, and, to the actual knowledge of the Borrower, no other Person has at any time, used, handled, stored, buried, retained, refined, transported, processed, manufactured, generated, produced, spilled, released, allowed to seep, escape or leach, or pumped, poured, emitted, emptied, discharged, injected, dumped, transferred or otherwise disposed of, any Hazardous Materials at or about the Real Estate Assets or any other real property owned or occupied by the Borrower, any Guarantor or any Related Company, except (i) for use and storage for use of reasonable amounts of ordinary supplies and other substances customarily used in the operation of commercial office buildings; provided, however, that such use and/or storage for use is in substantial compliance with applicable Environmental Law, or (ii) where such action is not reasonably expected to have a Material Adverse Effect.

(c) No actions, suits, or proceedings have been commenced, are pending or, to the actual knowledge of the Borrower, are threatened in writing with respect to any Environmental Law governing the use, manufacture, storage, treatment, Release, disposal, transportation, or processing of Hazardous Materials with respect to any Real Estate Asset or any

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part thereof which could have a Material Adverse Effect. The Borrower, the Guarantors and the Related Companies have received no written notice of and have no actual knowledge of any fact, condition, occurrence or circumstance which could reasonably be expected to give rise to a claim under or pursuant to any existing Environmental Law pertaining to Hazardous Materials on, in, under or originating from any Real Estate Asset or any part thereof or any other real property owned or occupied by the Borrower or any Guarantor or arising out of the conduct of any Borrower or any Guarantor, including claims for the presence of Hazardous Materials at any other property, which in any case is reasonably expected to have a Material Adverse Effect.

(d) Other than as set forth in reviews, reports and surveys copies of which have been delivered to the Agent, there have occurred no uses, manufactures, storage, treatments, Releases, disposals, transportation, or processing of Hazardous Materials with respect to any Real Estate Asset except those which, taken as a whole, would not have a Material Adverse Effect.

§6.19. Subsidiaries and Affiliates. The Borrower has no Subsidiaries except for the Related Companies listed on Schedule 1.3 and does not have an ownership interest in any entity whose financial statements are not consolidated with the Borrower’s except for the Unconsolidated Entities listed on Schedule 1.3. Except as set forth on Schedule 6.19: (a) the Company is not a partner in any partnership other than Borrower and is not a member of any limited liability company and (b) the Company owns no material assets other than its partnership interest in Borrower.

§6.20. Loan Documents. All of the representations and warranties of the Borrower or any Guarantor made in the other Loan Documents or any document or instrument delivered or to be delivered to the Agent or the Lenders pursuant to or in connection with any of such Loan Documents are true and correct in all material respects.

§6.21. Buildings on the Unencumbered Assets. Except as set forth on Schedule 6.21, to the best of Borrower’s knowledge there are no material defects in the roof, foundation, structural elements and masonry walls of the Buildings on the Unencumbered Assets or their heating, ventilating and air conditioning, electrical, sprinkler, plumbing or other mechanical systems which would materially decrease the value of such Unencumbered Asset.

§6.22. Indebtedness. The Borrower and the Guarantors have no Indebtedness except (a) as set forth on Schedule 6.22 hereto and (b) as otherwise permitted by this Agreement. Schedule 6.22 hereto accurately sets forth the outstanding principal amounts and the maturity dates of all Indebtedness for borrowed money of the Borrower and the Guarantors and certain of the Related Companies and identifies the holders of the obligations thereunder as of the Effective Date.

§7. AFFIRMATIVE COVENANTS OF THE BORROWER. Borrower covenants and agrees as follows, so long as any Loan or Note is outstanding or the Lenders have any obligations to make Loans:

§7.1. Punctual Payment. The Borrower will unconditionally duly and punctually pay the principal and interest on the Loans and all other amounts provided for in the Notes, this Agreement, and the other Loan Documents all in accordance with the terms of the Notes, this

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Agreement and the other Loan Documents.

§7.2. Maintenance of Office. The Borrower will maintain its chief executive office in New York, New York or at such other place in the United States Of America as the Borrower shall designate upon written notice to the Agent to be delivered within fifteen (15) days of such change, where notices, presentations and demands to or upon the Borrower in respect of the Loan Documents may be given or made.

§7.3. Records and Accounts. The Borrower will, and will cause its Subsidiaries to, keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with Generally Accepted Accounting Principles.

§7.4. Financial Statements, Certificates and Information. The Borrower will deliver to each of the Lenders:

(a) as soon as practicable, but in any event not later than ninety (90) days after the end of each fiscal year of the Borrower, the audited balance sheets of the Borrower and of the Company at the end of such year, and the related audited statements of operations and statements of cash flows for such year, each setting forth in comparative form the figures for the previous fiscal year and all such statements to be in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles on a consolidated basis including the Borrower and the Related Companies, and accompanied by an auditor's report prepared without qualification by Ernst & Young or by another "Big Four" accounting firm, or, subject to Agent's approval granted or denied in its sole and absolute discretion, another certified public accounting firm of recognized national standing;

(b) as soon as practicable, but in any event not later than forty-five (45) days after the end of each of the first three (3) fiscal quarters of the Borrower, copies of the unaudited balance sheets of the Borrower and of the Company as at the end of such quarter, and the related unaudited statements of operations for the portion of the Borrower's fiscal year then elapsed, all in reasonable detail and prepared in accordance with Generally Accepted Accounting Principles, together with a certification by the principal financial or accounting officer of the Company that the information contained in such financial statements fairly presents the financial position of the Borrower and of the Company on the date thereof (subject to year-end adjustments); provided, however, that for so long as the Borrower and the Company are filing form 10-Q with the SEC, the delivery of a copy thereof pursuant to paragraph (e) of this §7.4 shall be deemed to satisfy this paragraph (b);

(c) as soon as practicable, but in any event not later than forty-five (45) days after the end of each of each of the first three (3) fiscal quarters and not later than ninety (90) days after the end of the last fiscal quarter of each fiscal year of the Borrower, copies of a statement of the Net Operating Income for such fiscal quarter for the Unencumbered Assets, prepared on a basis consistent with the statements furnished pursuant to §6.4(c), and certified by a Responsible Officer of the Company and, at the time of the annual financial statements referred to in subsection (a) above, and at the time of quarterly financial statements referred to in subsection (b) above if requested by the Agent, a consolidating statement setting forth the Net Operating Income for such fiscal quarter for each Unencumbered Asset listed by address;

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(d) simultaneously with the delivery of the financial statements referred to in subsections (a) and (b) above, a statement in the form of Exhibit C hereto signed by a Responsible Officer of the Company (on behalf of the Borrower) and setting forth in reasonable detail computations evidencing compliance with the covenants contained herein and (if applicable) reconciliations to reflect changes in Generally Accepted Accounting Principles since the Balance Sheet Date;

(e) as soon as practicable, but in any event not later than ninety (90) days after the end of each fiscal year of the Company, copies of the Form 10-K statement filed with the Securities and Exchange Commission ("SEC") for such fiscal year, and as soon as practicable, but in any event not later than forty-five (45) days after the end of each fiscal quarter, copies of the Form 10-Q statement filed with the SEC for such fiscal quarter, provided that in either case if the SEC has granted an extension for the filing of such statements, Borrower shall deliver such statements to the Agent simultaneously with the filing thereof with the SEC;

(f) promptly following the filing or mailing thereof, copies of all other material of a financial nature filed with the SEC or sent to the shareholders of the Company or to the limited partners of the Borrower and copies of all corporate press releases promptly upon the issuance thereof;

(g) from time to time such other financial data and information as the Agent may reasonably request including, without limitation, financial statements of any Unconsolidated Entities;

(h) from time to time such environmental assessment reports as to the Unencumbered Assets as the Agent may reasonably request.

§7.5. Notices .

(a) Defaults. The Borrower will promptly notify the Agent in writing (and the Agent shall immediately thereafter notify the Lenders) of the occurrence of any Default or Event of Default. If any Person shall give any notice or take any other action in respect of a claimed default (whether or not constituting a Default or an Event of Default) under any note, evidence of Indebtedness, indenture or other obligation to which or with respect to which the Borrower, Guarantor or any of the Related Companies is a party or obligor, whether as principal or surety, and if the principal amount thereof exceeds \$5,000,000, and such default would permit the holder of such note or obligation or other evidence of Indebtedness to accelerate the maturity thereof, the Borrower shall forthwith give written notice thereof to the Agent and each of the Lenders, describing the notice or action and the nature of the claimed default.

(b) Environmental Events. The Borrower will promptly notify the Agent in writing (and the Agent shall promptly thereafter notify the Lenders) of any of the following events: (i) upon Borrower's obtaining knowledge of any violation of any Environmental Law regarding an Unencumbered Asset or any Real Estate or Borrower's operations which violation could have a Material Adverse Effect; (ii) upon Borrower's obtaining knowledge of any potential or known Release, or threat of Release, of any Hazardous Material at, from, or into an Unencumbered Asset or any Real Estate which it reports in writing or is reportable by it in

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writing to any governmental authority and which is material in amount or nature or which could materially affect the value of such Unencumbered Asset or which could have a Material Adverse Effect; (iii) upon Borrower's receipt of any notice of violation of any Environmental Laws or of any Release or threatened Release of Hazardous Materials, including a notice or claim of liability or potential responsibility from any third party (including without limitation any federal, state or local governmental officials) and including notice of any formal inquiry, proceeding, demand, investigation or other action with regard to (A) Borrower's or any Person's operation of an Unencumbered Asset or any Real Estate if the same would have a Material Adverse Effect, (B) contamination on, from or into an Unencumbered Asset or any Real Estate if the same would have a Material Adverse Effect, or (C) investigation or remediation of off-site locations at which Borrower or any of its predecessors are alleged to have directly or indirectly disposed of Hazardous Materials; or (iv) upon Borrower's obtaining knowledge that any expense or loss has been incurred by such governmental authority in connection with the assessment, containment, removal or remediation of any Hazardous Materials with respect to which Borrower, Guarantor or any of the Related Companies may be liable or for which a lien may be imposed on an Unencumbered Asset.

(c) Notification of Liens Against Unencumbered Assets or Other Material Claims. The Borrower will, promptly upon becoming aware thereof, notify the Agent in writing (and the Agent shall promptly thereafter notify the Lenders) of any Liens (except Permitted Liens) placed upon or attaching to any Unencumbered Assets or of any other setoff, claims (including environmental claims), withholdings or other defenses which in either case could have a Material Adverse Effect.

(d) Notice of Litigation and Judgments. The Borrower will give notice to the Agent in writing (and the Agent shall promptly thereafter notify the Lenders) within fifteen (15) days of becoming aware of any litigation or proceedings threatened in writing or any pending litigation and proceedings affecting any of the Unencumbered Assets or affecting the Borrower, any Guarantor or any of the Related Companies or to which the Borrower, any Guarantor or any of the Related Companies is or is to become a party involving an uninsured claim (or as to which the insurer reserves rights) against the Borrower, any Guarantor or any of the Related Companies that at the time of giving of notice could reasonably be expected to have a Material Adverse Effect, and stating the nature and status of such litigation or proceedings. The Borrower will give notice to the Agent, in writing, in form and detail satisfactory to the Agent, within ten (10) days of any judgment not covered by insurance, final or otherwise, against the Borrower in an amount in excess of \$5,000,000.

(e) Notice of Rating Changes. The Borrower will promptly notify the Agent in writing (and the Agent shall promptly thereafter notify the Lenders) of the occurrence of any change in the Moody's Rating, in the S&P Rating, or in the Fitch Rating.

§7.6. Existence; Maintenance of REIT Status; Maintenance of Properties. The Company will do or cause to be done all things necessary to preserve and keep in full force and effect its status as a "qualified real estate investment trust" under §856 of the Code and the existence of Borrower as a Delaware limited partnership. The common shares of beneficial interest of the Company will at all times be listed for trading on either the New York Stock Exchange or one of the other major stock exchanges. The Borrower will do or cause to be done

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all things necessary to preserve and keep in full force all of its rights and franchises which in the judgment of the Borrower may be necessary to properly and advantageously conduct the businesses being conducted by it, the Company, any of the Guarantors or any of the Related Companies. The Borrower (a) will cause all of the properties used or useful in the conduct of the business of Borrower, the Company, any of the Guarantors or any of the Related Companies to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment, (b) will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Borrower may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times, and (c) will continue to engage primarily in the businesses now conducted by it and in related businesses.

§7.7. Insurance. With respect to the Real Estate Assets and other properties and businesses of Borrower, the Guarantors and the Related Companies, the Borrower will maintain or cause to be maintained insurance with financially sound and reputable insurers against such casualties and contingencies as shall be in accordance with the general practices of businesses engaged in similar activities in similar geographic areas and in amounts, containing such terms, in such forms and for such periods as may be reasonable and prudent, and will timely pay or cause to be paid all premiums thereon. With respect to the Unencumbered Assets, such insurance will include all risk casualty insurance for the replacement cost of all Buildings including loss of rents for twelve (12) months and, to the extent such Unencumbered Assets are located in a flood zone or plain, flood insurance and, to the extent the Company reasonably determines that the same is commercially reasonably available, terrorism insurance at levels comparable to those carried by prudent owners of similar real estate assets in similar geographical areas. Commercial general liability insurance shall include an excess liability policy with limits of at least \$50,000,000.

§7.8. Taxes. The Borrower will pay or will cause to be paid real estate taxes, other taxes, assessments and other governmental charges against the Real Estate Assets before the same become delinquent, and will duly pay and discharge, or cause to be paid and discharged, before the same shall become overdue, all taxes, assessments and other governmental charges imposed upon it and its other properties, sales and activities, or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies that if unpaid might by law become a lien or charge upon any of its properties; provided that any such tax, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if the Borrower shall have set aside on its books adequate reserves with respect thereto; and provided further that the Borrower will pay all such taxes, assessments, charges, levies or claims forthwith upon the commencement of proceedings to foreclose any lien that may have attached as security therefor.

§7.9. Inspection of Properties and Books. The Borrower shall permit the Lenders, through the Agent or any of the Lenders' other designated representatives, to visit and inspect any of the Unencumbered Assets, to examine the books of account of the Borrower, the Company, the other Guarantors and the Related Companies (and to make copies thereof and extracts therefrom) and to discuss the affairs, finances and accounts of the Borrower with, and to be advised as to the same by, its officers, all at such reasonable times and intervals as the Agent or any Lender may reasonably request.

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§7.10. Compliance with Laws, Contracts, Licenses, and Permits. The Borrower and the Company will comply, and will cause each Guarantor and all Related Companies to comply, with (a) all applicable laws and regulations now or hereafter in effect wherever its business is conducted, including all Environmental Laws, (b) the provisions of all applicable partnership agreements, charter documents and by-laws, (c) all agreements and instruments to which it is a party or by which it or any of its Real Estate Assets may be bound including Ground Leases, and (d) all applicable decrees, orders, and judgments except (with respect to (a) through (d) above) to the extent such non-compliance would not have a Material Adverse Effect. If at any time any permit or authorization from any governmental Person shall become necessary or required in order that the Borrower or any Guarantor may fulfill or be in compliance with any of its obligations hereunder or under any of the Loan Documents, the Borrower will immediately take or cause to be taken all reasonable steps within the power of the Borrower to obtain such authorization, consent, approval, permit or license and furnish the Agent and the Lenders with evidence thereof.

§7.11. Use of Proceeds. Subject to the provisions of §2.5 hereof, the proceeds of the Loans shall be used by the Borrower for repayment of other Indebtedness, for acquisitions of class B (or better) office properties in the greater New York City area, for capital improvements, and for working capital and other purposes consistent with the covenants contained herein.

§7.12. [Intentionally Omitted].

§7.13. Notices of Significant Transactions. The Borrower will notify the Agent in writing prior to the closing of any of the following transactions pursuant to a single transaction or a series of related transactions:

(a) The sale or transfer of one or more Real Estate Assets for an aggregate sales price or other consideration of \$25,000,000 or more.

(b) The sale or transfer of the ownership interest of Borrower or any of the Related Companies in any of the Related Companies or the Unconsolidated Entities if the aggregate consideration received by the Borrower or the Related Companies in connection with such transaction exceeds \$15,000,000.

Each notice given pursuant to this §7.13 shall be accompanied by a Compliance Certificate including an updated list of Unencumbered Assets and demonstrating in reasonable detail compliance, after giving effect to the proposed transaction, with the covenants contained in §9.1 through §9.8.

§7.14. Further Assurance. The Borrower and the Guarantors will cooperate with the Agent and the Lenders and execute such further instruments and documents and perform such further acts as the Agent and the Lenders shall reasonably request to carry out the transactions contemplated by this Agreement and the other Loan Documents.

§7.15. Environmental Indemnification. The Borrower and the Guarantors jointly and severally covenant and agree that they will indemnify and hold the Agent and each Lender harmless from and against any and all claims, expense, damage, loss or liability incurred by the Agent or any Lender (including all reasonable costs of legal representation incurred by the Agent

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or any Lender, but excluding, as applicable, for the Agent or a Lender any claim, expense, damage, loss or liability as a result of the gross negligence or willful misconduct of the Agent or such Lender) relating to (a) any Release or threatened Release of Hazardous Materials on any Unencumbered Asset or any Real Estate; (b) any violation of any Environmental Laws with respect to conditions at any Unencumbered Asset or any Real Estate or the operations conducted thereon; or (c) the investigation or remediation of off-site locations at which the Borrower or its predecessors are alleged to have directly or indirectly disposed of Hazardous Materials. It is expressly acknowledged by the Borrower and the Guarantors that this covenant of indemnification shall survive the payment of the Loans and shall inure to the benefit of the Agent and the Lenders, and their successors and assigns.

§7.16. Response Actions. The Borrower and the Guarantors jointly and severally covenant and agree that if any Release or disposal of Hazardous Materials shall occur or shall have occurred on any Unencumbered Asset or any other Real Estate if the same would have a Material Adverse Effect, the Borrower will cause the prompt containment and removal of such Hazardous Materials and remediation of such Unencumbered Asset or Real Estate as necessary to comply with all Environmental Laws or to preserve the value of such Unencumbered Asset or Real Estate to the extent necessary to avoid a Material Adverse Effect.

§7.17. Employee Benefit Plans.

(a) Representation. The Borrower, the Guarantors and their ERISA Affiliates do not currently maintain or contribute to any Employee Benefit Plan, Guaranteed Pension Plan or Multiemployer Plan, except as set forth on Schedule 6.16.

(b) Notice. The Borrower will obtain the consent of the Agent prior to the establishment of any Employee Benefit Plan or Guaranteed Pension Plan not listed on Schedule 6.16 by the Borrower, any Guarantor or any ERISA Affiliate.

(c) In General. Each Employee Benefit Plan maintained by the Borrower, any Guarantor or any ERISA Affiliate will be operated in compliance in all material respects with the provisions of ERISA and, to the extent applicable, the Code, including but not limited to the provisions thereunder respecting prohibited transactions.

(d) Terminability of Welfare Plans. With respect to each Employee Benefit Plan maintained by the Borrower, any Guarantor or any ERISA Affiliate which is an employee welfare benefit plan within the meaning of §3(1) or §3(2)(B) of ERISA, each such plan provides that the Borrower, any Guarantor, or such ERISA Affiliate, as the case may be, has the right to terminate each such plan at any time (or at any time subsequent to the expiration of any applicable bargaining agreement) without liability other than liability to pay claims incurred prior to the date of termination.

(e) Multiemployer Plans. Without the consent of the Agent, neither the Borrower nor any Guarantor nor any ERISA Affiliate will enter into, maintain or contribute to, any Multiemployer Plan other than a Multiemployer Plan listed on Schedule 6.16.

(f) Unfunded or Underfunded Liabilities. Neither the Borrower nor any Guarantor nor any ERISA Affiliate will, at any time, have accruing unfunded or underfunded

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liabilities with respect to any Employee Benefit Plan, Guaranteed Pension Plan or Multiemployer Plan which, in the aggregate, would exceed \$5,000,000, and each of the Borrower, the Guarantors and any ERISA Affiliate will take all reasonable steps to prevent the occurrence of any condition with respect to any Multiemployer Plan that would create a withdrawal liability in excess of \$5,000,000.

§7.18. Required Interest Rate Contracts. During all periods in which the LIBOR Rate (as determined in accordance with the terms of this Agreement) for Interest Periods of one month exceeds seven per cent (7.0%), the Borrower shall maintain in effect Interest Rate Contracts with counterparties and in form reasonably satisfactory to the Agent covering that portion of the Borrower's Variable Rate Indebtedness equal to the amount by which the Borrower's Variable Rate Indebtedness (other than any such Variable Rate Indebtedness hedged by Interest Rate Contracts with a term expiring no earlier than the earlier of the Maturity Date or the maturity of the Indebtedness so hedged) exceeds 30% of Total Debt.

§7.19. Forward Equity Contracts. If the Borrower shall enter into any forward equity contracts, the Borrower shall only settle same by the delivery of stock.

§7.20. Term Loan Facility. The Borrower shall immediately inform the Agent of any amendment, supplement or modification of the terms and conditions of the Term Loan Facility.

§8. CERTAIN NEGATIVE COVENANTS OF THE BORROWER. The Borrower covenants and agrees as follows, so long as any Loan or Note is outstanding or the Lenders have any obligation to make any Loans:

§8.1. [Intentionally Omitted.]

§8.2. Restrictions on Investments. The Borrower will not, and will not permit Guarantor or any of the Related Companies to make or permit to exist or to remain outstanding any Investment except Investments in:

(a) marketable direct or guaranteed obligations of the United States of America, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association or any agency or instrumentality of the United States of America provided such obligations are backed by the full faith and credit of the United States of America, that mature within one (1) year from the date of purchase by the Borrower;

(b) demand deposits, certificates of deposit, money market accounts, bankers acceptances eurodollar time deposits and time deposits of United States banks having total assets in excess of \$1,000,000,000 or repurchase obligations with a term of not more than 7 days with such banks for underlying securities of the type described in clause (a) of this §8.2;

(c) securities commonly known as “commercial paper” issued by a corporation organized and existing under the laws of the United States of America or any state thereof that at the time of purchase have been rated and the ratings for which are not less than “P 1” if rated by Moody’s, and not less than “A 1” if rated by S&P and participations in short term commercial loans made to such corporations by a commercial bank which provides cash management services to the Borrower;

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(d) Investments existing or contemplated on the date hereof and listed on Schedule 8.2(d) hereto;

(e) Investments made in the ordinary course of the Borrower’s business in Interest Rate Contracts;

(f) [Intentionally Omitted];

(g) direct Investments in class B (or better) office properties (including the development of same) located in the greater New York City area, including fee simple and leasehold interests, in Real Estate Effective Control Assets, and in consolidated joint ventures in which the Borrower or its wholly-owned Subsidiary owns at least a 75% beneficial interest and has the right to control policy and management of the subject joint venture; and

(h) Investments in the following categories so long as the aggregate amount, without duplication, of all Investments described in this paragraph (h) does not exceed, at any time, twenty-five percent (25%) of Total Assets (the “Permitted Investments Cap”) and the aggregate amount of each of the following categories of Investments does not exceed the specified percentage of Total Assets set forth in the following table:

<u>Category of Investment</u>	<u>Maximum Percentage of Total Assets</u>
Permitted Developments (calculated at total project cost)	10%
Unconsolidated Entities primarily engaged in the business of development or ownership of class B (or better) office real estate located in the greater New York City area (calculated at book value of such Investment)	20%
Investment in properties (including the development of same) acquired in accordance with the provisions of §1031 of the Code (single tenant, triple net leased to tenant rated “A” or better by S&P or Moody’s, minimum remaining lease term of 15 years)	2%
Structured Finance Investments	15%
Other Investments in Real Estate Assets (including land) and in entities primarily engaged in the business of owning such assets	10%
Other Investments not otherwise specifically identified in this § 8.2	10%

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Notwithstanding the foregoing to the contrary, if, but only for so long as either (x) all Indebtedness of the Unconsolidated Entities does not exceed seventy-two percent (72%) of the aggregate Adjusted Net Operating Income for the immediately preceding fiscal quarter, annualized, for all Real Estate Assets of such Unconsolidated Entities divided by nine percent (9.0%) or (y) Structured Finance Investments do not exceed twelve percent (12%) of Total Assets, then (i) the Permitted Investments Cap shall increase from twenty-five percent (25%) of Total Assets to thirty percent (30%) of Total Assets and (ii) the Maximum Percentage of Total Assets in respect of Unconsolidated Entities (as described above) shall increase from twenty percent (20%) to twenty-five percent (25%).

Notwithstanding anything in this Agreement to the contrary, none of the provisions of § 8.2(h), and no Default or Event of Default arising out of a breach of any of the provisions of § 8.2(h), may be amended, modified or waived without the written consent of the Requisite Lenders.

§8.3. Merger, Consolidation and Other Fundamental Changes. The Borrower will not, and will not permit the Company to, consolidate with or merge into any other Person or Persons, or sell, convey, assign, transfer, lease or otherwise dispose of all or substantially all of their respective business, property or fixed assets taken as a whole to any other Person, provided, however, that this §8.3 shall not be applicable to any merger or consolidation with respect to which all of the following are satisfied: (1) the surviving entity is Borrower, the Company or any Guarantor Subsidiary and there is no substantial change in senior management of the Company, (2) the other entity or entities involved in such merger or consolidation are engaged in the same line of business as Borrower, and (3) following such transaction, the Borrower and the Company will not be in breach of any of the covenants, representations or warranties of this Agreement. Except as set forth on Schedule 6.19, the Company will not own or acquire any material assets other than its partnership interests in the Borrower.

§8.4. [Intentionally Omitted]

§8.5. Compliance with Environmental Laws. The Borrower will not do, and will not permit the Company, any Guarantor or any of the other Related Companies to do, any of the following: (a) use any of the Real Estate or any portion thereof as a facility for the handling, processing, storage or disposal of Hazardous Materials except for immaterial amounts of Hazardous Materials used in the routine maintenance and operation of the Real Estate and in compliance with applicable law, (b) cause or permit to be located on any of the Real Estate any underground tank or other underground storage receptacle for Hazardous Materials except in material compliance with Environmental Laws, (c) generate any Hazardous Materials on any of the Real Estate except in material compliance with Environmental Laws, or (d) conduct any activity at any Real Estate or use any Real Estate in any manner so as to cause a Release.

§8.6. Distributions. Borrower shall not permit the total Distributions by it and the Company during any fiscal year to exceed 90% of Funds from Operations for such year, except that such limitation on Distributions may be exceeded to the extent necessary for the Company to maintain its REIT status. During any period when any Default or Event of Default has occurred and is continuing the total Distributions by the Borrower and the Company will not exceed the

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minimum amount necessary for the Company to maintain its REIT status. The Guarantor Subsidiaries will not make any Distributions except Distributions to Borrower or to the Company or to any Guarantor.

§8.7. Preferred Distributions. During any period when any Event of Default has occurred and is continuing no Preferred Distributions will be made.

§8.8. Preferred Redemptions. No payments of cash or cash equivalents by Borrower or the Company as consideration for the mandatory redemption or retirement of any preferred shares of beneficial interest in the Company, or any preferred units of limited partnership interest in Borrower, shall be made out of the proceeds of Indebtedness of the Borrower or any Guarantor.

§9. FINANCIAL COVENANTS OF THE BORROWER. The Borrower and the Company covenant and agree as follows, so long as any Loan or Note is outstanding or any Lender has any obligation to make any Loan:

§9.1. Value of All Unencumbered Assets.

(i) The Borrower will not at any time permit the outstanding balance of Unsecured Indebtedness to be greater than fifty five percent (55%) of the Value of All Unencumbered Assets.

(ii) The Borrower will not at any time permit the Value of All Unencumbered Assets to be less than or equal to \$275,000,000.

(iii) The Borrower will not at any time permit the aggregate number of Real Estate Assets which are Unencumbered Assets and which are used to calculate the Value of All Unencumbered Assets to be less than five (5).

§9.2. Minimum Debt Service Coverage. The Borrower will not at any time permit the ratio of Adjusted EBITDA for the Borrower, the Company and the Related Companies (on a consolidated basis in accordance with GAAP), to Interest Expense for the Borrower, the Company and the Related Companies (on a consolidated basis in accordance with GAAP), to be less than 2.0 to 1.0 for any fiscal quarter of Borrower.

§9.3. Total Debt to Total Assets. The Borrower and the Company will not at any time permit Total Debt to exceed fifty-five percent (55%) of Total Assets.

§9.4. Maximum Secured Indebtedness; Secured Recourse Indebtedness.

(i) The Borrower and the Company will not at any time permit the outstanding balance of Secured Indebtedness to exceed forty percent (40%) of Total Assets.

(ii) The Borrower and the Company will not at any time permit the outstanding balance of Secured Recourse Indebtedness to exceed ten percent (10%) of Total Assets.

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(iii) The Borrower and the Company will not at any time permit the outstanding balance of any Secured Recourse Indebtedness to exceed seventy-five percent (75%) of the value of the Real Estate Asset and other assets (determined on the basis of "as-completed" appraisals) encumbered thereby.

§9.5. Minimum Tangible Net Worth. The Borrower and the Company will not at any time permit the Tangible Net Worth of the Borrower and the Company to be less than \$611,000,000 plus seventy-five percent (75%) of Net Offering Proceeds.

§9.6. Unencumbered Asset Adjusted Net Operating Income to Assumed Debt Service. The Borrower will not at any time permit the ratio of its Unencumbered Asset Adjusted Net Operating Income with respect to all Unencumbered Assets to Assumed Debt Service with respect to all unsecured Indebtedness of the Borrower, the Company and the other Guarantors to be less than 2.0 to 1.0 for any fiscal quarter, provided, however, that, to the extent an Unencumbered Asset was acquired or leased during the fiscal quarter being tested, the Unencumbered Asset Adjusted Net Operating Income shall include for purposes of calculating such ratio the pro forma results of any such Unencumbered Asset for such full quarter, with such pro forma results being calculated by using the Borrower's pro forma projections used in connection with its purchase of such Unencumbered Asset, which projections shall be subject to Agent's reasonable approval.

§9.7. Adjusted EBITDA to Fixed Charges. The Borrower and the Company will not at any time permit the ratio of its Adjusted EBITDA to Fixed Charges to be less than 1.75 to 1.0 for any fiscal quarter.

§9.8. Aggregate Occupancy Rate. The Borrower will not at any time permit the Aggregate Occupancy Rate to be less than eighty-five percent (85%).

§9.9. Amendments and Modifications to §9.

(a) Notwithstanding anything in this Agreement to the contrary, except as specifically contemplated pursuant to the terms and provisions of §5.2(ii), none of the provisions of any of §§9.1 through 9.8 of this Agreement, and no Default or Event of Default arising of a breach of any of the provisions of any of §§9.1 through 9.8 of this Agreement, may be amended, modified or waived without the written consent of the Requisite Lenders.

(b) For purposes of §§9.1 through 9.8 of this Agreement, if any change in Generally Accepted Accounting Principles after the Effective Date results in a material change in the calculation to be performed in any such section solely as a result of such change in Generally Accepted Accounting Principles, the Lenders and the Borrower shall negotiate in good faith a modification of any such covenants so that the economic effect of the calculation of such covenant(s) using Generally Accepted Accounting Principles as so changed is as close as feasible to what the economic effect of the calculation of such covenant(s) would have been using Generally Accepted Accounting Principles as in effect as of the Effective Date.

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§10. CONDITIONS TO EFFECTIVENESS. This Agreement shall become effective when each of the following conditions precedent have been satisfied:

§10.1. Loan Documents. Each of the Loan Documents shall have been duly executed and delivered by the respective parties thereto.

§10.2. Certified Copies of Organization Documents; Good Standing Certificates. The Agent shall have received (i) a Certificate of the Company to which there shall be attached complete copies of the Borrower's Limited Partnership Agreement and its Certificate of Limited Partnership, certified as of a recent date by the Secretary of State of Delaware, (ii) Certificates of Good Standing for the Borrower from the State of New York and each State in which an Unencumbered Asset is located, (iii) a copy of the Company's articles of incorporation certified as of a recent date by the Maryland Secretary of State, (iv) Certificates of Good Standing for the Company from the State of Maryland and each State in which an Unencumbered Asset is located, and (v) certificates of good standing and certificates from the Borrower certifying as to true and complete copies of articles of incorporation, limited liability company agreements, partnership agreements or certificates of limited partnership, as the case may be, of each of the other Guarantors.

§10.3. By-laws; Resolutions. All action on the part of the Borrower and each Guarantor necessary for the valid execution, delivery and performance by the Borrower and each Guarantor of this Agreement and the other Loan Documents to which it is or is to become a party shall have been duly and effectively taken, and evidence thereof satisfactory to the Agent shall have been provided to the Agent. The Agent shall have received from the Company true copies of its by-laws and the resolutions adopted by its Board of Directors authorizing the transactions described herein, each certified by its secretary to be true and complete and in effect on the Effective Date.

§10.4. Incumbency Certificate; Authorized Signers. The Agent shall have received from the Company an incumbency certificate, dated as of the Effective Date, signed by a duly authorized officer of the Company and giving the name and bearing a specimen signature of each individual who shall be authorized: (a) to sign, in the name and on behalf of the Company (in its own capacity and as general partner on behalf of Borrower and on behalf of each Guarantor which is a partnership), each of the Loan Documents to which the Borrower or any Guarantor is or is to become a party; (b) to make Loan Requests and Conversion Requests; and (c) to give notices and to take other action on behalf of the Borrower under the Loan Documents.

§10.5. Title Insurance; Lien Searches. The Agent shall have received (i) reasonably satisfactory evidence of title insurance respecting each of the Unencumbered Assets by way of copies of the most recent fully effective title insurance policies (or marked and signed title insurance binders to the extent such policies have not been issued or are not otherwise available), (ii) reasonably satisfactory evidence of insurance required under §7.7, and (iii) reasonably satisfactory current Uniform Commercial Code lien searches on the Borrower and each of the Guarantors in such jurisdictions as the Agent may reasonably require.

§10.6. Opinions of Counsel Concerning Organization and Loan Documents. Each of the Lenders and the Agent shall have received favorable opinions from Borrower's counsel

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addressed to the Lenders and the Agent and dated as of the Effective Date, in form and substance satisfactory to the Agent.

§10.7. Payment of Fees. The Borrower shall have paid (i) to the Agent, its fees in the amounts outlined and specified in the fee agreement among Fleet and the Borrower dated February 7, 2003 (the "Fee Letter"), and (ii) to the Agent, for the account of the Agent and the Lenders, as applicable, all upfront fees due and payable on or before the Effective Date as contemplated by the Fee Letter, and shall have paid all other expenses as provided in §15 hereof then outstanding.

§10.8. Existing Agreement. There shall exist no Default or Event of Default as defined in the Existing Credit Agreement.

§11. CONDITIONS TO ALL CREDIT ADVANCES. The obligations of the Lenders to make any Loan or to issue any Letter of Credit, whether on or after the Effective Date, shall also be subject to the satisfaction of the following conditions precedent:

§11.1. Representations True; No Event of Default; Compliance Certificate. Each of the representations and warranties of the Borrower and each Guarantor contained in this Agreement, the other Loan Documents or in any document or instrument delivered pursuant to or in connection with this Agreement shall be true as of the date as of which they were made and shall also be true at and as of the time of the making of such Loan or the issuance of such Letter of Credit, with the same effect as if made at and as of that time (except (i) to the extent of changes resulting from transactions contemplated or permitted by this Agreement and the other Loan Documents, (ii) to the extent of changes occurring in the ordinary course of business that singly or in the aggregate are not materially adverse, and (iii) to the extent that such representations and warranties relate expressly to an earlier date); the Borrower shall have performed and complied with all terms and conditions herein required to be performed by it on or prior to the Borrowing Date of such Loan or the issuance date of such Letter of Credit; and no Default or Event of Default shall have occurred and be continuing on the date of any Loan Request or on the Borrowing Date of such Loan or on the date of any Letter of Credit Request or on the issuance date of such Letter of Credit. Each of the Lenders shall have received a Compliance Certificate of the Borrower signed by a Responsible Officer to such effect, which certificate will include, without limitation, computations evidencing compliance with the covenants contained in §9.1 through §9.7 hereof after giving effect to such requested Loan or Letter of Credit.

§11.2. No Legal Impediment. No change shall have occurred in any law or regulations thereunder or interpretations thereof that in the reasonable opinion of any Lender would make it illegal for such Lender to make such Loan or to hold an interest in such Letter of Credit.

§11.3. Proceedings and Documents. All proceedings in connection with the transactions contemplated by this Agreement, the other Loan Documents and all other documents incident thereto shall be reasonably satisfactory in substance and in form to the Agent, and the Lenders shall have received all information and such counterpart originals or certified or other copies of such documents as the Agent may reasonably request.

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§12. EVENTS OF DEFAULT; ACCELERATION; ETC.

§12.1. Events of Default and Acceleration. If any of the following events (“Events of Default” or, if the giving of notice or the lapse of time or both is required, then, prior to such notice or lapse of time, “Defaults”) shall occur:

(a) the Borrower shall fail to pay any principal of the Loans when the same shall become due and payable;

(b) the Borrower shall fail to pay any interest on the Loans or any other sums due hereunder or under any of the other Loan Documents (other than principal) within five (5) days after the same shall become due and payable;

(c) the Borrower or the Company shall fail to comply with any of its covenants contained in §7.5, the first sentence of §7.6, §7.7, §7.13, §8 or §9 hereof;

(d) the Borrower or any Guarantor shall fail to perform any other term, covenant or agreement contained herein or in any of the other Loan Documents (other than those specified elsewhere in this §12) for thirty (30) days after written notice of such failure from Agent to the Borrower;

(e) any representation or warranty of the Borrower or any Guarantor in this Agreement or any of the other Loan Documents or in any other document or instrument delivered pursuant to or in connection with this Agreement, shall prove to have been false in any material respect upon the date when made or deemed to have been made or repeated;

(f) the Borrower, the Company, any Guarantor, any of the Related Companies or any Unconsolidated Entity shall fail to pay at maturity, or within any applicable period of grace, any Recourse Indebtedness, or shall fail to observe or perform any material term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing Recourse Indebtedness for such period of time as would permit (assuming the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof, and in any event, such failure shall continue for thirty (30) days, unless the aggregate amount of all such defaulted Recourse Indebtedness is less than \$10,000,000.00, provided, however, that defaulted Recourse Indebtedness of an Unconsolidated Entity shall only be included, for purposes of determining whether the aggregate amount of all such defaulted Recourse Indebtedness is less than \$10,000,000, to the extent, if any, that said Recourse Indebtedness is Recourse, directly or indirectly, to Borrower, any Guarantor or any Related Company or any of their respective assets (other than their respective interests in such Unconsolidated Entity), provided, further, however, that Indebtedness of any Unconsolidated Entity in or to which Borrower, any Guarantor or any Related Company has made a Structured Finance Investment shall not be considered Indebtedness for purposes of this § 12.1(f) (For purposes of this § 12.1(f) “Recourse” shall mean any obligation or liability except an obligation or liability with respect to which recourse for payment is contractually limited (except for customary exclusions) to specifically identified assets only);

(g) the Borrower, the Company, any Guarantor, any of the Related Companies or any Unconsolidated Entity shall fail to pay at maturity, or within any applicable period of grace, any Indebtedness other than Recourse Indebtedness, or shall fail to observe or perform any

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material term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing Indebtedness other than Recourse Indebtedness for such period of time as would permit (assuming the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof, and in any event, such failure shall continue for thirty (30) days, unless the aggregate amount of all such defaulted Indebtedness other than Recourse Indebtedness plus the amount of any unsatisfied judgments is less than \$25,000,000.00, provided, however, that defaulted Indebtedness other than Recourse Indebtedness of any Unconsolidated Entity in which Borrower and/or any Guarantor and/or any Related Company (x) owns less than fifty percent (50%) of the equity interest and (y) has no power to control the management and policies of such Unconsolidated Entity (any such defaulted Indebtedness, “Special Nonrecourse Indebtedness”) shall not be included for purposes of determining whether the aggregate amount of defaulted Indebtedness other than Recourse Indebtedness plus the amount of any unsatisfied judgments is less than \$25,000,000.00 unless and until the aggregate amount of Borrower’s and/or any Guarantor’s and/or any Related Company’s pro-rata share of such Special Nonrecourse

Indebtedness exceeds ten percent (10%) of the Total Assets, provided, further, however, that Indebtedness of any Unconsolidated Entity in or to which Borrower, any Guarantor or any Related Company has made a Structured Finance Investment shall not be considered Indebtedness for purposes of this § 12.1(g);

(h) (i) any of the Borrower, the Company or any Guarantor shall make an assignment for the benefit of creditors, or admit in writing its inability to pay or generally fail to pay its debts as they mature or become due, or shall petition or apply for the appointment of a trustee or other custodian, liquidator or receiver of any substantial part of its properties or shall commence any case or other proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction, now or hereafter in effect, or shall take any action to authorize or in furtherance of any of the foregoing, or if any such petition or application shall be filed or any such case or other proceeding shall be commenced against any such Person and such Person shall indicate its approval thereof, consent thereto or acquiescence therein, or (ii) any of the events described in clause (i) of this paragraph shall occur with respect to any other Related Company or any Unconsolidated Entity and such event shall have a Material Adverse Effect;

(i) (i) a decree or order is entered appointing any such trustee, custodian, liquidator or receiver or adjudicating the Borrower, the Company, or any Guarantor bankrupt or insolvent, or approving a petition in any such case or other proceeding, or a decree or order for relief is entered in respect of the Borrower, the Company, or any Guarantor in an involuntary case under federal bankruptcy laws as now or hereafter constituted or (ii) any of the events described in clause (i) of this paragraph shall occur with respect to any other Related Company or any Unconsolidated Entity and such event shall have a Material Adverse Effect;

(j) there shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty days, whether or not consecutive, any uninsured final judgment against the Borrower that, with other outstanding uninsured final judgments, undischarged, against the Borrower, the Company or any of the Related Companies, exceeds in the aggregate \$5,000,000.00;

(k) if any of the Loan Documents or any material provision of any Loan Documents shall be unenforceable, cancelled, terminated, revoked or rescinded otherwise than in

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accordance with the terms thereof or with the express prior written agreement, consent or approval of the Agent, or any action at law, suit or in equity or other legal proceeding to make unenforceable, cancel, revoke or rescind any of the Loan Documents shall be commenced by or on behalf of the Borrower or any Guarantor, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents is illegal, invalid or unenforceable in accordance with the terms thereof;

(l) one or more ERISA Events occurs which individually or in the aggregate results in or might reasonably be expected to result in liability of the Borrower or any of its ERISA Affiliates in excess of \$5,000,000 at any one time during the term of this Agreement; or if, at any one time, there exists an amount of unfunded pension liabilities (as defined in Section 4001(a)(18) of ERISA), individually or in the aggregate for all Guaranteed Pension Plans (excluding for purposes of such computation any Guaranteed Pension Plans with respect to which assets exceed benefit liabilities), which exceeds \$5,000,000;

(m) the Borrower or any Guarantor shall be indicted for a federal crime, a punishment for which could include the forfeiture of any assets of the Borrower or such Guarantor;

(n) the Borrower shall fail to pay, observe or perform any term, covenant, condition or agreement contained in any agreement, document or instrument evidencing, securing or otherwise relating to any Indebtedness of the Borrower to any Lender (other than the Obligations) within any applicable period of grace provided for in such agreement, document or instrument;

(o) any Material Adverse Effect shall occur; or

(p) any "Event of Default", as defined in any of the other Loan Documents, shall occur;

then, and in any such event, so long as the same may be continuing, the Agent may, and upon the request of the Requisite Lenders shall, by notice in writing to the Borrower declare all amounts owing with respect to this Agreement, the Notes and the other Loan Documents to be, and they shall thereupon forthwith become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower and each Guarantor; provided that upon the occurrence of any Event of Default specified in §§12.1(h) or 12.1(i), all such amounts shall become immediately due and payable automatically and without any requirement of notice from the Agent or action by the Requisite Lenders.

§12.2. Termination of Commitments. If any one or more Events of Default specified in §12.1(h) or §12.1(i) shall occur, any unused portion of the Commitments hereunder shall forthwith terminate and the Lenders shall be relieved of all obligations to make Loans to the Borrower or to issue Letters of Credit for the benefit of the Borrower. If any other Event of Default shall have occurred and be continuing, the Agent, at the direction of the Majority Lenders, may by notice to the Borrower terminate the unused portion of the Commitments hereunder and upon such notice being given such unused portion of the Commitments hereunder

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shall terminate immediately and the Lenders shall be relieved of all further obligations to make Loans other than Mandatory Base Rate Loans. No termination of the Commitments hereunder shall relieve the Borrower of any of the Obligations or any of its existing obligations to any Lender arising under other agreements or instruments.

§12.3. Remedies. In case any one or more of the Events of Default shall have occurred, and whether or not the Requisite Lenders shall have accelerated the maturity of the Loans pursuant to §12.1, each Lender, if owed any amount with respect to the Loans, may, with the consent of the Requisite Lenders, direct the Agent to proceed to protect and enforce the rights and remedies of the Agent and the Lenders under this Agreement, the Notes or any of

the other Loan Documents by suit in equity, action at law or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Agreement and the other Loan Documents or any instrument pursuant to which the Obligations are evidenced and, if any amount shall have become due, by declaration or otherwise, to proceed to enforce the payment thereof or any other legal or equitable right of such Lender. No remedy herein conferred upon any Lender or the Agent or the holder of any Note is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or any other provision of law.

§12.4. Distribution of Enforcement Proceeds. In the event that, following the occurrence or during the continuance of any Default or Event of Default, the Agent or any Lender as the case may be, receives any monies in connection with the enforcement of any of the Loan Documents, such monies shall be distributed for application as follows:

(a) First, to the payment of, or (as the case may be) the reimbursement of the Agent for or in respect of all reasonable costs, expenses, disbursements and losses which shall have been incurred or sustained by the Agent in connection with the collection of such monies by the Agent, for the exercise, protection or enforcement by the Agent of all or any of the rights, remedies, powers and privileges of the Agent or the Lenders under this Agreement or any of the other Loan Documents or in support of any provision of adequate indemnity to the Agent against any taxes or liens which by law shall have, or may have, priority over the rights of the Agent to such monies;

(b) Second, to all other Obligations in such order or preference as the Requisite Lenders may determine; provided, however, that distribution in respect of such Obligations shall be made among the Lenders pro rata in accordance with each Lender's respective Commitment Percentage;

(c) Third, upon payment and satisfaction in full, or other provisions for payment in full satisfactory to all Lenders and the Agent, of all of the Obligations, and the deposit in any cash collateral account established pursuant to §2.9(f) of the amount required thereby, to the payment of any obligations required to be paid pursuant to §9-615(a)(3) and (b) of the Uniform Commercial Code of the State of New York; and

(d) Fourth, the excess, if any, shall be returned to the Borrower or to such other Persons as are legally entitled thereto.

§13. SETOFF. During the continuance of any Event of Default, any deposits (general or specific, time or demand, provisional or final, regardless of currency, maturity, or the branch of where such deposits are held) or other sums credited by or due from any of the Lenders or any Affiliated Lender to the Borrower, the Company or any of the other Guarantors and any securities or other property of the Borrower, the Company or any of the other Guarantors in the possession of such Lender or Affiliated Lender may be applied to or set off against the payment of Obligations and any and all other liabilities, direct, or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, of the Borrower to such Lender. Each of the Lenders agrees with each other Lender that (a) if an amount to be set off is to be applied to Indebtedness of the Borrower, the Company or any of the other Guarantors to such Lender, other than Indebtedness evidenced by the Notes held by such Lender, such amount shall be applied ratably to such other Indebtedness and to the Indebtedness evidenced by all such Notes held by such Lender, and (b) if such Lender shall receive from the Borrower, the Company or any of the other Guarantors, whether by voluntary payment, exercise of the right of setoff, counterclaim, cross action, enforcement of the claim evidenced by the Notes held by such Lender by proceedings against the Borrower, the Company or any of the other Guarantors at law or in equity or by proof thereof in bankruptcy, reorganization, liquidation, receivership or similar proceedings, or otherwise, and shall retain and apply to the payment of the Note or Notes held by such Lender any amount in excess of its ratable portion of the payments received by all of the Lenders with respect to the Notes held by all of the Lenders, such Lender will make such disposition and arrangements with the other Lenders with respect to such excess, either by way of distribution, pro tanto assignment of claims, subrogation or otherwise as shall result in each Lender receiving in respect of the Notes held by it its proportionate payment as contemplated by this Agreement; provided that if all or any part of such excess payment is thereafter recovered from such Lender, such disposition and arrangements shall be rescinded and the amount restored to the extent of such recovery, but without interest.

§14. THE AGENT.

§14.1. Authorization. The Agent is authorized to take such action on behalf of each of the Lenders and to exercise all such powers as are hereunder and under any of the other Loan Documents and any related documents delegated to the Agent, together with such powers as are reasonably incident thereto, provided that no duties or responsibilities not expressly assumed herein or therein shall be implied to have been assumed by the Agent. The relationship between the Agent and the Lenders is and shall be that of agent and principal only, and nothing contained in this Agreement or any of the other Loan Documents shall be construed to constitute the Agent as a trustee for any Lender.

§14.2. Employees and Agents. The Agent may exercise its powers and execute its duties by or through employees or agents and shall be entitled to take, and to rely on, advice of counsel concerning all matters pertaining to its rights and duties under this Agreement and the other Loan Documents. The Agent may utilize the services of such Persons as the Agent in its sole discretion may reasonably determine, and all reasonable fees and expenses of such Persons shall be paid by the Borrower.

§14.3. No Liability to Lenders. Neither the Agent nor any of its shareholders, directors, officers or employees nor any other Person assisting them in their duties nor any agent or

employee thereof, shall be liable to any Lender for any waiver, consent or approval given or any action taken, or omitted to be taken, in good faith by it or them hereunder or under any of the other Loan Documents, or in connection herewith or therewith, or be responsible for the consequences of any oversight or error of judgment whatsoever, except that the Agent or such other Person, as the case may be, shall be liable for losses due to its willful misconduct or gross negligence.

§14.4. No Representations. The Agent shall not be responsible for the execution or validity or enforceability of this Agreement, the Notes, any of the other Loan Documents or any instrument at any time constituting, or intended to constitute, collateral security for the Notes, or for the value of any such collateral security or for the validity, enforceability or collectibility of any such amounts owing with respect to the Notes, or for any recitals or statements, warranties or representations made herein or in any of the other Loan Documents or in any certificate or instrument hereafter furnished to it by or on behalf of

the Borrower, or be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or in any instrument at any time constituting, or intended to constitute, collateral security for the Notes. The Agent shall not be bound to ascertain whether any notice, consent, waiver or request delivered to it by the Borrower or any Guarantor or any holder of any of the Notes shall have been duly authorized or is true, accurate and complete. The Agent has not made nor does it now make any representations or warranties, express or implied, nor does it assume any liability to the Lenders, with respect to the credit worthiness or financial condition of the Borrower, the Company or any of the other Guarantors. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender, and based upon such information and documents as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender has either (x) been independently represented by separate counsel on all matters regarding this Agreement or (y) knowingly waived any such representation.

§14.5. Payments.

(a) A payment by the Borrower to the Agent hereunder or any of the other Loan Documents for the account of any Lender shall constitute a payment to such Lender subject to the pro rata rights to repayment based upon the Commitment Percentage of each Lender. Neither the Borrower nor any Guarantor shall have any obligation to see to the proper application by Agent of any amounts paid by any of them to the Agent for the account of the Lenders. The Agent agrees promptly to distribute to each Lender such Lender's pro rata share of payments received by the Agent for the account of the Lenders except as otherwise expressly provided herein or in any of the other Loan Documents. Notwithstanding the foregoing, the amounts advanced by the Additional Commitment Lenders on the Commitment Increase Date and certain Fixed Rate Prepayment Fees and Letter of Credit fees shall be distributed on a non pro rata basis as provided in §2.2(b) and the commitment fees for the quarter which included the Commitment Increase Date shall be paid as provided in §4.2.

(b) If in the opinion of the Agent the distribution of any amount received by it in such capacity hereunder, under the Notes or under any of the other Loan Documents might involve it in liability, it may refrain from making distribution until its right to make distribution shall have been adjudicated by a court of competent jurisdiction. If a court of competent jurisdiction shall

adjudge that any amount received and distributed by the Agent is to be repaid, each Person to whom any such distribution shall have been made shall either repay to the Agent its proportionate share of the amount so adjudged to be repaid or shall pay over the same in such manner and to such Persons as shall be determined by such court.

(c) Notwithstanding anything to the contrary contained in this Agreement or any of the other Loan Documents, any Lender that fails (i) to make available to the Agent its pro rata share of any Loan or (ii) to comply with the provisions of §13 with respect to making dispositions and arrangements with the other Lenders, where such Lender's share of any payment received, whether by setoff or otherwise, is in excess of its pro rata share of such payments due and payable to all of the Lenders, in each case as, when and to the full extent required by the provisions of this Agreement, or to adjust promptly such Lender's outstanding principal and its pro rata Commitment Percentage as provided in §2.1 hereof, shall be deemed delinquent (a "Delinquent Lender") and shall be deemed a Delinquent Lender until such time as such delinquency is satisfied. A Delinquent Lender shall be deemed to have assigned any and all payments due to it from the Borrower under the Loan Documents, whether on account of outstanding Loans, interest, fees or otherwise, to the remaining nondelinquent Lenders for application to, and reduction of, their respective pro rata shares of all outstanding Loans. The Delinquent Lender hereby authorizes the Agent to distribute such payments to the nondelinquent Lenders in proportion to their respective pro rata shares of all outstanding Loans. A Delinquent Lender shall be deemed to have satisfied in full a delinquency when and if, as a result of application of the assigned payments to all outstanding Loans of the nondelinquent Lenders, the Lenders' respective pro rata shares of all outstanding Loans have returned to those in effect immediately prior to such delinquency and without giving effect to the nonpayment causing such delinquency.

(d) If any amount which the Agent is required to distribute to the Lenders pursuant to this §14.5 is actually distributed to any Lender on a date which is later than the first Business Day following the Agent's receipt of the corresponding payment from the Borrower, the Agent shall pay to such Lender on demand an amount equal to the product of (i) the average computed for the period referred to in clause (iii) below, of the weighted average interest rate paid by the Agent for federal funds acquired by the Agent during each day included in such period, times (ii) the amount of such late distribution to such Lender, times (iii) a fraction, the numerator of which is the number of days or portion thereof that elapsed from and including the second Business Day after the Agent's receipt of such corresponding payment from the Borrower to the date on which the amount so required to be distributed to such Lender actually is distributed, and the denominator of which is 365.

§14.6. Holders of Notes. The Agent may deem and treat the payee of any Note as the absolute owner or purchaser thereof for all purposes hereof until it shall have been furnished in writing with a different name by such payee or by a subsequent holder assignee or transferee.

§14.7. Indemnity. The Lenders ratably agree hereby to indemnify and hold harmless the Agent from and against any and all claims, actions and suits (whether groundless or otherwise), losses, damages, costs, expenses (including any expenses for which the Agent has not been reimbursed by the Borrower and the Guarantors as required by §15), and liabilities of every nature and character arising out of or related to this Agreement, the Notes, or any of the other

Loan Documents or the transactions contemplated or evidenced hereby or thereby, or the Agent's actions taken hereunder or thereunder, except to the extent that any of the same shall be directly caused by the Agent's willful misconduct or gross negligence.

§14.8. Agent as Lender. In its individual capacity, Fleet National Bank shall have the same obligations and the same rights, powers and privileges in respect to its Commitment and the Loans made by it, and as the holder of any of the Notes as it would have were it not also the Agent.

§14.9. Resignation. The Agent may resign at any time by giving sixty (60) days, prior written notice thereof to the Lenders and the Borrower; provided, however, that unless an Event of Default has occurred and is continuing, Fleet National Bank may not voluntarily resign as Agent under the provisions of this Agreement without the Borrower's consent. Upon any such resignation, the Requisite Lenders shall have the right to appoint a successor Agent. Unless a Default or Event of Default shall have occurred and be continuing, appointment of such successor Agent shall be subject to the reasonable approval of the Borrower. If no successor Agent shall have been so appointed by the Requisite Lenders and shall have accepted such appointment within

thirty (30) days after the giving of notice of resignation or removal or if the Borrower (to the extent it has approval rights with respect to the successor Agent) has disapproved or failed to approve a successor agent within such period, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a financial institution having a rating of not less than A2/P2 or its equivalent by S&P. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations as Agent hereunder. Such successor Agent shall issue replacement Letters of Credit and any outstanding Letters of Credit issued by the retiring Agent shall be canceled and returned to it, provided that if such Letters of Credit cannot be replaced, the successor Agent shall issue back-to-back Letters of Credit to the retiring Agent in respect of the retiring Agent's outstanding Letters of Credit, and such successor Agent's Letter of Credit shall be deemed to have been issued in accordance with, and be subject to the provisions of, this Agreement, including §2.9 hereof. After any retiring Agent's resignation, the provisions of this Agreement and the other Loan Documents shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

§14.10. Notification of Defaults and Events of Default and other Notices. Each Lender hereby agrees that, upon learning of the existence of a Default or an Event of Default, it shall promptly notify the Agent thereof. The Agent hereby agrees that upon receipt of any notice under this §14.10, or upon it otherwise learning of the existence of a Default or an Event of Default, it shall promptly notify the other Lenders of the existence of such Default or Event of Default. The Agent shall also promptly provide each Lender with a copy of any notices which the Agent receives from the Borrower pursuant to §7.5 or §7.13 or §7.20.

§14.11. Duties in the Case of Enforcement. In case one or more Events of Default have occurred and shall be continuing, and whether or not acceleration of the Obligations shall have occurred, the Agent may, with the consent of the Requisite Lenders (which consents may be obtained orally in emergency situations), and the Agent shall, if (a) so requested by the Requisite

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Lenders and (b) the Lenders have provided to the Agent such additional indemnities and assurances against expenses and liabilities as the Agent may reasonably request, proceed to enforce the provisions of the Loan Documents and exercise all or any such other legal and equitable and other rights or remedies as it may have. The Requisite Lenders may direct the Agent in writing as to the method and the extent of any such enforcement actions, the Lenders hereby agreeing to indemnify and hold the Agent harmless from all liabilities incurred in respect of all actions taken or omitted in accordance with such directions, provided that the Agent need not comply with any such direction to the extent that the Agent reasonably believes the Agent's compliance with such direction to be unlawful or commercially unreasonable in any applicable jurisdiction.

§14.12. Mandatory Resignation of Agent. The Agent shall be obligated to resign in accordance with, and subject to, the provisions of §14.9, without the consent of the Borrower, upon the written request of Lenders whose aggregate Commitments constitute at least sixty-six percent (66%) of the Total Commitment, excluding the Lender which is then the Agent hereunder, provided such request is made as a result of the Agent's gross negligence or willful misconduct, and provided further that the successor Agent actively administers credits of similar size and complexity to this Agreement and the Loans.

§14.13. Matters as to Borrower. (a) Except as expressly set forth in this Agreement, Borrower shall have no obligation to cause Agent or any of the Lenders to perform their respective obligations under this Agreement.

(b) Notwithstanding that a matter in question requires the consent, approval or direction of any or all of the Lenders, Borrower may rely exclusively on the written notice of Agent that such consent, approval, or direction has been given or obtained to bind the Lenders.

§15. EXPENSES. The Borrower and each of the Guarantors jointly and severally agree to pay (a) the reasonable costs of producing and reproducing this Agreement, the other Loan Documents and the other agreements and instruments mentioned herein, (b) any taxes (including any interest and penalties in respect thereto) payable by the Agent or any of the Lenders (other than taxes based upon the Agent's or any Lender's net income), including any recording, mortgage, documentary or intangibles taxes in connection with the Loan Documents, or other taxes payable on or with respect to the transactions contemplated by this Agreement, including any taxes payable by the Agent or any of the Lenders after the Effective Date (the Borrower hereby agreeing to indemnify the Lenders with respect thereto), (c) all title examination costs, appraisal fees, engineers', inspectors' and surveyors' fees, recording costs and the reasonable fees, expenses and disbursements of the Agent's counsel or any local counsel to the Agent incurred in connection with the preparation, administration or interpretation of the Loan Documents and other instruments mentioned herein, and amendments, modifications, approvals, consents or waivers hereto or hereunder, it being understood and agreed that the Agent shall not conduct engineering studies or Appraisals with respect to Unencumbered Asset unless specifically requested to do so by the Requisite Lenders, in which case the Agent shall submit a budget to Borrower of all fees and expenses to be incurred by Agent prior to engaging any of such professionals for Borrower's approval, which shall not be unreasonably withheld, (d)

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the fees, costs, expenses and disbursements of the Agent incurred in connection with the preparation, administration or interpretation of the Loan Documents and other instruments mentioned herein including, without limitation, the costs incurred by the Agent in connection with its inspection of the Unencumbered Assets, and the fees and disbursements of the Agent's counsel and the Borrower's legal counsel in preparing documentation, (e) the fees, costs, expenses and disbursements of the Agent incurred in connection with the syndication and/or participation of the Loans, to the extent provided for in the Fee Letter (not including attorneys' fees) (f) all reasonable out-of-pocket expenses (including reasonable attorneys' fees and costs, which attorneys may be employees of any Lender or the Agent and the fees and costs of appraisers, engineers, investment bankers, surveyors or other experts retained by the Agent or any Lender in connection with any such enforcement proceedings) incurred by any Lender or the Agent in connection with (i) the enforcement of or preservation of rights under any of the Loan Documents against the Borrower or the Guarantors or the administration thereof after the occurrence of a Default or Event of Default (including, without limitation, expenses incurred in any restructuring and/or "workout" of the Loans), and (ii) any litigation, proceeding or dispute whether arising hereunder or otherwise, in any way related to the Agent's or the Lender's relationship with the Borrower, the Company, any Unconsolidated Entity or any of the Related Companies (but not including any dispute between the Agent (or any Lender) and any other Lender), (g) all reasonable fees, expenses and disbursements of the Agent incurred in connection with UCC searches, and (h) all costs incurred by the Agent in the future in connection with its inspection of the Unencumbered Assets. The covenants of this §15 shall survive payment or satisfaction of payment of amounts owing with respect to the Notes.

§16. INDEMNIFICATION. The Borrower and each of the Guarantors hereby jointly and severally agree to indemnify and hold harmless the Agent and the Lenders and the shareholders, directors, agents, officers, subsidiaries, employees, and affiliates of the Agent and the Lenders from and against any and all claims, actions or causes of action and suits whether groundless or otherwise, and from and against any and all liabilities, losses, settlement

payments, obligations, damages and expenses (including legal fees and disbursements) of every nature and character arising out of this Agreement or any of the other Loan Documents or the transactions contemplated hereby or which otherwise arise in connection with the financing including, without limitation except to the extent directly caused by the gross negligence or willful misconduct of a Lender or the Agent or any of the aforementioned indemnified parties (but such limitation on indemnification shall only apply to the Agent or Lender or any of the aforementioned indemnified parties being grossly negligent or committing willful misconduct), (a) any actual or proposed use by the Borrower of the proceeds of any of the Loans, (b) any actual or alleged infringement of any patent, copyright, trademark, service mark or similar right of the Borrower or any of the Guarantors, (c) the Borrower or any of the Guarantors entering into or performing this Agreement or any of the other Loan Documents or (d) with respect to the Borrower or any of the Guarantors and their respective properties, the violation of any Environmental Law, the Release or threatened Release of any Hazardous Materials or any action, suit, proceeding or investigation brought or threatened with respect to any Hazardous Materials (including, but not limited to claims with respect to wrongful death, personal injury or damage to property), (e) any cost, claim liability, damage or expense in connection with any harm the Borrower or any of the Guarantors may be found to have caused in the role of a broker, in each case including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding. In litigation, or the

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preparation therefor, the Lenders and the Agent shall each be entitled to select their own separate counsel and, in addition to the foregoing indemnity, the Borrower and each of the Guarantors jointly and severally agree to pay promptly the reasonable fees and expenses of such counsel. If, and to the extent that the obligations of the Borrower or any of the Guarantors under this §16 are unenforceable for any reason, the Borrower and each of the Guarantors jointly and severally agree to make the maximum contribution to the payment in satisfaction of such obligations which is permissible under applicable law. The provisions of this §16 shall survive the repayment of the Loans and the termination of the obligations of the Lenders hereunder and shall continue in full force and effect as to the Lenders so long as the possibility of any such claim, action, cause of action or suit exists.

§17. SURVIVAL OF COVENANTS, ETC. All covenants, agreements, representations and warranties made herein, in the Notes, in any of the other Loan Documents or in any documents or other papers delivered by or on behalf of the Borrower or any Guarantor pursuant hereto shall be deemed to have been relied upon by the Lenders and the Agent, notwithstanding any investigation heretofore or hereafter made by it, and shall survive the making by the Lenders of the Loans, as herein contemplated, and shall continue in full force and effect so long as any amount due under this Agreement or the Notes or any of the other Loan Documents remains outstanding or the Lenders have any obligation to make any Loans. The indemnification obligations of the Borrower and the Guarantors provided herein and the other Loan Documents shall survive the full repayment of amounts due and the termination of the obligations of the Lenders hereunder and thereunder to the extent provided herein and therein. All statements contained in any certificate or other paper delivered to the Agent or any Lender at any time by or on behalf of the Borrower or any of the Guarantors pursuant hereto or in connection with the transactions contemplated hereby (other than third party reports, such as engineering reports and environmental studies) shall constitute representations and warranties by the Borrower or any of the Guarantors hereunder.

§18. GUARANTY.

§18.1. Guaranty. Each of the Guarantors acknowledges that it will receive substantial benefits from the making of the Loans and extensions of credit to the Borrower by the Lenders under this Agreement. Subject to §18.7 below, each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably guarantees to each Lender and the Agent, and their respective successors and assigns, the prompt payment of the Guaranteed Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise) (the "Guaranty"). The Guarantors additionally, jointly and severally, unconditionally guarantee to each Lender and the Agent the timely performance of all other obligations of the Borrower under the Loan Documents. This Guaranty is a guaranty of payment and not of collection and is a continuing guaranty and shall apply to Guaranteed Obligations whenever arising.

§18.2. Obligations Unconditional. The obligations of the Guarantors hereunder are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Guaranteed Obligations or any of the Loan Documents, or any other agreement or instrument referred to therein, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor. Each Guarantor agrees that this

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Guaranty may be enforced by the Agent, on behalf of the Lenders, without necessity at any time of resorting to or exhausting any other security or collateral and without the necessity at any time of having recourse to the Notes, any other of the Loan Documents or any collateral, if any, hereafter securing the Guaranteed Obligations or otherwise, and each Guarantor hereby waives the right to require the Lenders to proceed against the Borrower or any other Person (including a co-guarantor) or to require the Lenders to pursue any other remedy or enforce any other right. Each Guarantor further agrees that it shall have no right of subrogation, indemnity, reimbursement or contribution against the Borrower or any other Guarantor of the Guaranteed Obligations for amounts paid under this Guaranty until such time as the Lenders have been paid in full, all Commitments under this Agreement have been terminated, and no Person or governmental authority shall have any right to request any return or reimbursement of funds from the Lenders in connection with monies received under the Loan Documents. Each Guarantor further agrees that nothing contained herein shall prevent the Agent or the Lenders from suing on the Notes or any of the other Loan Documents or foreclosing their security interest in or Lien on any collateral, if any, securing Guaranteed Obligations or from exercising any other rights available to them under this Agreement, the Notes, any other of the Loan Documents, or any other instrument of security, if any, and the exercise of any of the aforesaid rights and the completion of any foreclosure proceedings shall not constitute a discharge of any Guarantor's obligations hereunder; it being the purpose and intent of each Guarantor that its obligations hereunder shall be absolute, independent and unconditional under any and all circumstances. Neither any Guarantor's obligations under this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed or released in any manner whatsoever by an impairment, modification, change, release or limitation of the liability of the Borrower or by reason of the bankruptcy or insolvency of the Borrower. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by, the Agent or any Lender upon this Guaranty or acceptance of this Guaranty. The Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Guaranty. All dealings between the Borrowers and any of the Guarantors, on the one hand, and the Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Guaranty.

§18.3. Modifications. Each Guarantor agrees that (a) all or any part of the security now or hereafter held for the Guaranteed Obligations, if any, may be exchanged, compromised or surrendered from time to time; (b) the Lenders shall not have any obligation to protect, perfect, secure or insure any such

security interests, Liens or encumbrances now or hereafter held, if any, for the Guaranteed Obligations or the properties subject thereto; (c) the time or place of payment of the Guaranteed Obligations may be changed or extended, in whole or in part, to a time certain or otherwise, and may be renewed or accelerated, in whole or in part; (d) the Borrower and any other party liable for payment under the Loan Documents may be granted indulgences generally; (e) any of the provisions of the Notes or any of the other Loan Documents may be modified, amended or waived; (f) any party (including any co-guarantor) liable for the payment thereof may be granted indulgences or be released; and (g) any deposit balance for the credit of the Borrower or any other party liable for the payment of the Guaranteed Obligations or liable upon any security therefor may be released, in whole or in part, at, before or after the stated, extended or accelerated maturity of the Guaranteed Obligations, all without notice to or further assent by such Guarantor, which shall remain bound thereon, notwithstanding any such exchange,

compromise, surrender, extension, renewal, acceleration, modification, indulgence or release. Each Guarantor hereby appoints the Borrower as its agent to execute and deliver any amendments to or modifications or waivers of the Loan Documents, and the Agent and the Lenders may rely on such appointment until such time as a Guarantor advises the Agent and the Lenders in writing that the Borrower is no longer authorized to so act as its agent.

§18.4. Waiver of Rights. Each Guarantor expressly waives to the fullest extent permitted by applicable law: (a) notice of acceptance of this Guaranty by the Lenders and of all extensions of credit to the Borrower by the Lenders; (b) presentment and demand for payment or performance of any of the Guaranteed Obligations; (c) protest and notice of dishonor or of default (except as specifically required in this Agreement) with respect to the Guaranteed Obligations or with respect to any security therefor; (d) notice of the Lenders obtaining, amending, substituting for, releasing, waiving or modifying any security interest, Lien or encumbrance, if any, hereafter securing the Guaranteed Obligations, or the Lenders' subordinating, compromising, discharging or releasing such security interests, Liens or encumbrances, if any; (e) all other notices to which such Guarantor might otherwise be entitled; and (f) demand for payment under this Guaranty.

§18.5. Reinstatement. The obligations of the Guarantors under this §18 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor agrees that it will indemnify the Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, reasonable fees of counsel) incurred by the Agent or such Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

§18.6. Remedies. The Guarantors agree that, as between the Guarantors, on the one hand, and the Agent and the Lenders, on the other hand, the Guaranteed Obligations may be declared to be forthwith due and payable as provided in §12 hereof (and shall be deemed to have become automatically due and payable in the circumstances provided in §12 hereof) notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing such Guaranteed Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or such Guaranteed Obligations being deemed to have become automatically due and payable), such Guaranteed Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantors.

§18.7. Limitation of Guaranty. Notwithstanding any provision to the contrary contained herein or in any of the other Loan Documents, to the extent the obligations of any Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the obligations of such Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

§18.8. Release of Guaranty. Upon consummation of the sale, conveyance, pledge or other transfer of all of the stock or other evidence of beneficial or legal ownership, or a sale, mortgage or pledge of all or substantially all of the assets, of any Guarantor other than the Company, so long as no Default or Event of Default shall have occurred and be continuing, the Guaranty of such Guarantor, and all of its obligations and liabilities under the Loan Documents, shall be, and shall be deemed to be, released and discharged, and upon the request of such released Guarantor, the Agent shall acknowledge such release in writing.

§19. ASSIGNMENT; PARTICIPATIONS; ETC.

§19.1. Conditions to Assignment by Lenders. Except as provided herein, each Lender may assign to one or more Eligible Assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment Percentage and Commitment and the same portion of the Loans at the time owing to it, and the Notes held by it); provided that (a) the Agent shall have given its prior written consent to such assignment, which consent shall not be unreasonably withheld or delayed, except that such consent shall not be needed with respect to an assignment from a Lender to either one of its Affiliated Lenders or to another Lender hereunder, (b) each such assignment shall be of a portion (or which may be all) of the assigning Lender's rights and obligations under this Agreement relating to a specified Commitment amount and Commitment Percentage, (c) each assignment shall be in an amount of not less than \$5,000,000 and in integral multiples of \$1,000,000, (d) each Lender either shall assign all of its Commitment and cease to be a Lender hereunder or shall retain, free of any such assignment, an amount of its Commitment of not less than \$5,000,000, and (e) the parties to such assignment shall execute and deliver to the Agent, for recording in the Register (as hereinafter defined), an Assignment and Acceptance, substantially in the form of Exhibit E hereto (an "Assignment and Acceptance"), together with any Notes subject to such assignment. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five (5) Business Days after the execution thereof, (i) the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder, and (ii) the assigning Lender shall, to the extent provided in such assignment and upon payment to the Agent of the registration fee referred to in §19.3, be released from its obligations under this Agreement. Notwithstanding the foregoing, Fleet National Bank agrees that at all times during which it is the Agent hereunder, so long as no Default or Event of Default has occurred and is continuing, it shall not reduce its Commitment to less than \$26,000,000 (which number will be reduced in proportion to any pro rata reduction in the Total Commitment pursuant to §2.2(c)).

§19.2. Certain Representations and Warranties; Limitations; Covenants. By executing and delivering an Assignment and Acceptance, the parties to the assignment thereunder confirm to and agree with each other and the other parties hereto as follows: (a) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, the assigning Lender makes no representation or

warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto; (b) the assigning Lender makes

no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any other Person primarily or secondarily liable in respect of any of the Obligations, or the performance or observance by the Borrower or any other Person primarily or secondarily liable in respect of any of the Obligations of any of their obligations under this Agreement or any of the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (c) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements referred to in §6.4 and §7.4 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (d) such assignee will, independently and without reliance upon the assigning Lender, the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement, (e) such assignee represents and warrants that it is an Eligible Assignee; (f) such assignee appoints and authorizes the Agent to take such action as “Agent” on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Agent by the terms hereof or thereof, together with such powers as are reasonably incidental thereto; (g) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender; and (h) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance.

§19.3 **Register.** The Agent shall maintain a copy of each Assignment and Acceptance delivered to it and a register or similar list (the “Register”) for the recordation of the names and addresses of the Lenders and the Commitment Percentages of, and principal amount of the Loans owing to the Lenders from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and the Lenders at any reasonable time and from time to time upon reasonable prior notice. From and after the Effective Date, upon each such recordation, the assigning Lender agrees to pay to the Agent a registration fee in the sum of \$3,500.00. The Agent may, without action by any other party, amend Schedules 1 and 1.2 hereof to reflect the recording of any such assignments and shall immediately forward a copy of any such amendment to Borrower and each Lender.

§19.4 **New Notes.** Upon its receipt of an Assignment and Acceptance executed by the parties to such assignment, together with each Note subject to such assignment, the Agent shall (a) record the information contained therein in the Register, and (b) give prompt notice thereof to the Borrower and the Lenders (other than the assigning Lender). Within five (5) Business Days after receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent, in exchange for each surrendered Note, a new Note to the order of such Eligible Assignee in an amount equal to the amount assumed by such Eligible Assignee pursuant to such Assignment and Acceptance and, if the assigning Lender has retained some portion of its Loans hereunder, a new Note to the order of the assigning Lender in an amount equal to the amount retained by it hereunder. Such new Notes shall provide that they are replacements for the surrendered Notes and that they do not constitute a novation, shall be in an aggregate principal amount equal to the aggregate principal amount of the surrendered Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the

form of the assigned Notes. Within five (5) days of issuance of any new Notes pursuant to this §19.4, the Borrower shall deliver an opinion of counsel, addressed to the Lenders and the Agent, relating to the due authorization, execution and delivery of such new Notes and the legality, validity and binding effect thereof, and that the Obligations evidenced by the new Notes have the same validity and enforceability as if given on the Effective Date, in form and substance reasonably satisfactory to the Lenders who are the holders of such new Notes. The surrendered Notes shall be held by the Agent in escrow and shall be deemed cancelled and returned to the Borrower simultaneously upon the issuance and receipt by the Agent of, and in exchange for, the New Notes.

§19.5 **Participations.** Each Lender may sell participations to one or more banks or other entities (any such entity, a “Participant”) of all or a portion of such Lender’s rights and obligations under this Agreement and the other Loan Documents; provided that (a) the Agent shall have given its prior written consent to such participation, which consent shall not be unreasonably withheld or delayed, except that any Lender may sell participations to its Affiliated Lenders without such consent, (b) each such participation, other than participations to its Affiliated Lenders or to another Lender hereunder, shall be in an amount of not less than \$5,000,000, (c) any such sale or participation shall not affect the rights and duties of the selling Lender hereunder to the Borrower and the Lender shall continue to exercise all approvals, disapprovals and other functions of a Lender, (d) the only rights granted to the Participant pursuant to such participation arrangements with respect to waivers, amendments or modifications of the Loan Documents shall be the rights to approve the vote of the Lender as to waivers, amendments or modifications that would reduce the principal of or the interest rate on any Loans, extend the term or increase the amount of the Commitment of such Lender as it relates to such Participant, reduce the amount of any fees to which such Participant is entitled or extend any regularly scheduled payment date for principal or interest, and (e) no Participant which is not a Lender hereunder shall have the right to grant further participations or assign its rights, obligations or interests under such participation to other Persons without the prior written consent of the Agent. The Agent shall promptly advise the Borrower in writing of any such sale or participation.

§19.6 **Pledge by Lender.** Any Lender may at any time pledge all or any portion of its interest and rights under this Agreement (including all or any portion of its Note) to any of the twelve Federal Reserve Banks organized under §4 of the Federal Reserve Act, 12 U.S.C. §341. No such pledge or the enforcement thereof shall release the pledgor Lender from its obligations hereunder or under any of the other Loan Documents.

§19.7 **No Assignment by Borrower.** Neither the Borrower nor any Guarantor shall assign or transfer any of its rights or obligations under any of the Loan Documents without the prior written consent of each of the Lenders, and any such attempted assignment shall be null and void.

§19.8 **Disclosure.** (a) Each of the Borrower and the Guarantors agrees that in addition to disclosures made in accordance with standard banking practices any Lender may disclose information obtained by such Lender pursuant to this Agreement to assignees or participants and potential assignees or participants hereunder.

(b) The Borrower, the Company and each Guarantor (and each employee, representative or other agent of each of the foregoing) may disclose to any and all persons without limitation of any kind, the U.S. tax treatment and U.S. tax structure of this Agreement and the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Borrower, the Company or any Guarantor relating to such U.S. tax treatment and U.S. tax structure.

§20. NOTICES, ETC. Except as otherwise expressly provided in this Agreement, all notices and other communications made or required to be given pursuant to this Agreement or the Notes shall be in writing and shall be delivered in hand, mailed by United States registered or certified first class mail, postage prepaid, sent by overnight courier, or sent by telegraph, telecopy, telefax or telex and confirmed by delivery via courier or postal service, addressed as follows:

(a) if to the Borrower, the Company or any of the Guarantors, at SL Green Operating Partnership, L.P., 420 Lexington Avenue, New York, New York 10170 (telecopy number 212-216-1785), Attention: Chief Financial Officer and General Counsel, with a copy to Robert Ivanhoe, Esq., Greenberg Traurig, 200 Park Avenue, New York, New York 10166 (telecopy number 212-801-6400), or at such other address for notice as the Borrower shall last have furnished in writing to the Agent; and

(b) if to the Agent, at 100 Federal Street, Boston, Massachusetts 02110, Attention: Structured Real Estate, or such other address for notice as the Agent shall last have furnished in writing to the Borrower.

(c) if to any Lender, at such Lender's address set forth on Schedule 1, hereto, or such other address for notice as such Lender shall have last furnished in writing to the Person giving the notice.

Any such notice or demand shall be deemed to have been duly given or made and to have become effective (i) if delivered by hand, overnight courier or facsimile to a responsible officer of the party to which it is directed, at the time of the receipt thereof by such officer or the sending of such facsimile and (ii) if sent by registered or certified first-class mail, postage prepaid, on the third Business Day following the mailing thereof.

§21. GOVERNING LAW; CONSENT TO JURISDICTION AND SERVICE. THIS AGREEMENT AND EACH OF THE OTHER LOAN DOCUMENTS, EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED THEREIN, ARE CONTRACTS UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SUCH STATE. EACH OF THE BORROWER, THE GUARANTORS, THE AGENT AND THE LENDERS AGREES THAT ANY SUIT BY IT FOR THE ENFORCEMENT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE CITY OF NEW YORK, STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND BORROWER CONSENTS TO THE

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NONEXCLUSIVE JURISDICTION OF SUCH COURT FOR ANY SUIT BY AGENT OR ANY LENDER AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE BORROWER BY MAIL AT THE ADDRESS SPECIFIED IN §20. EACH OF THE BORROWER, THE GUARANTORS, THE AGENT AND THE LENDERS HEREBY WAIVE ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT. IN ADDITION TO THE COURTS OF THE CITY OF NEW YORK, STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN, THE AGENT OR ANY LENDER MAY BRING ACTION(S) FOR ENFORCEMENT ON A NONEXCLUSIVE BASIS WHERE ANY COLLATERAL EXISTS AND EACH OF THE BORROWER, THE GUARANTORS, THE AGENT AND THE LENDERS CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE BORROWER, THE GUARANTORS, THE AGENT AND THE LENDERS BY MAIL AT THE ADDRESS SPECIFIED IN §20.

§22. HEADINGS. The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

§23. COUNTERPARTS. This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

§24. ENTIRE AGREEMENT. The Loan Documents and any other documents executed in connection herewith or therewith express the entire understanding of the parties with respect to the transactions contemplated hereby. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated, except as provided in §26.

§25. WAIVER OF JURY TRIAL AND CERTAIN DAMAGE CLAIMS. EACH OF THE BORROWER, THE GUARANTORS, THE AGENT AND THE LENDERS HEREBY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, THE NOTES OR ANY OF THE OTHER LOAN DOCUMENTS, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS. EXCEPT TO THE EXTENT EXPRESSLY PROHIBITED BY LAW, EACH OF THE BORROWER AND THE GUARANTORS HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION REFERRED TO IN THE PRECEDING SENTENCE ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. EACH OF THE BORROWER AND THE GUARANTORS (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE AGENT OR ANY LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE AGENT OR SUCH LENDER WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (B) ACKNOWLEDGES THAT THE AGENT AND THE LENDERS HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE

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OTHER LOAN DOCUMENTS TO WHICH THEY ARE PARTIES BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS CONTAINED HEREIN.

Except as otherwise specifically set forth herein or in any other Loan Document, any consent or approval required or permitted by this Agreement may be given, and any term of this Agreement or of any other instrument related hereto or mentioned herein may be amended, and the performance or observance by the Borrower and the Guarantors of any terms of this Agreement or such other instrument or the continuance of any Default or Event of Default may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Majority Lenders, and, in the case of amendments, with the written consent of the Borrower other than amendments to schedules made in the ordinary course as contemplated by this Agreement. Notwithstanding the foregoing, (i) the rate of interest on, and the term or amount of, the Notes or the date of any payment due hereunder or thereunder, (ii) the amount of the Commitments of the Lenders (other than changes in Commitments pursuant to Assignments under §19 or pursuant to changes in the Total Commitment under §2.2), (iii) the amount of any fee payable to a Lender hereunder, (iv) any provision herein or in any of the Loan Documents which expressly requires consent of all the Lenders (including this §26), (v) the funding provisions of §2.5 and §2.7 hereof, (vi) the rights, duties and obligations of the Agent specified in §14 hereof, and (vii) the definitions of Majority Lenders or Requisite Lenders, may not be amended or compliance therewith waived without the written consent of each Lender affected thereby, nor may the Agent release the Borrower or any Guarantor from its liability with respect to the Obligations (other than pursuant to § 18.8), without first obtaining the written consent of all the Lenders. Unless otherwise directed by the Agent, any request for amendment or waiver shall be made on no less than ten (10) Business Days notice to the Lenders. Unless otherwise directed by the Agent, the failure of a Lender to respond to a request for waiver or amendment shall be deemed to constitute such Lender's consent to such waiver or amendment requested (unless such waiver or amendment requires the consent of all Lenders). No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon. No course of dealing or delay or omission on the part of the Agent or any Lender in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Borrower shall entitle the Borrower to other or further notice or demand in similar or other circumstances.

§27. SEVERABILITY. The provisions of this Agreement are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

§28. ACKNOWLEDGMENTS. Each of the Borrower and the Guarantors hereby acknowledges that: (i) neither the Agent nor any Lender has any fiduciary relationship with, or fiduciary duty to, the Borrower and the Guarantors arising out of or in connection with this Agreement or any of the other Loan Documents; (ii) the relationship in connection herewith

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between the Agent and the Lenders, on the one hand, and the Borrower and each Guarantor, on the other hand, is solely that of debtor and creditor and (iii) no joint venture or partnership among any of the parties hereto is created hereby or by the other Loan Documents, or otherwise exists by virtue of the Facility or the Loans.

§29. CONSENT TO AMENDMENT AND RESTATEMENT; TRANSITIONAL ARRANGEMENTS.

§29.1. Existing Credit Agreement Superseded. This Agreement shall supersede the Existing Credit Agreement in its entirety, except as provided in this § 29. On the Effective Date, the rights and obligations of the parties under the Existing Credit Agreement and the "Notes" defined therein shall be subsumed within and be governed by this Agreement and the Notes, provided, however, that any of the "Loans" (as defined in the Existing Credit Agreement) outstanding under the Existing Credit Agreement shall, for purposes of this Agreement, be Loans hereunder. This Agreement is given as a substitution of, and not as a payment of, the obligation of Borrower under the Existing Credit Agreement and is not intended to constitute a novation of the Existing Credit Agreement. The Lenders' interests in such Loans shall be reallocated on the Effective Date in accordance with each Lender's applicable Commitment Percentage in order that, after giving effect thereto, the Lenders shall have outstanding Loans representing their portion of the Total Commitment, as described on Schedule 1.2, and the Lenders shall make appropriate payments to each other in order to accomplish such reallocation. In connection therewith, the Borrower shall compensate and indemnify the Lenders as provided in §4.8 of the Existing Credit Agreement as if such payments by the Lenders to each other were prepayments by the Borrower of the "Loans" (as defined in the Existing Credit Agreement) outstanding under the Existing Credit Agreement.

§29.2. Return and Cancellation of Notes. Upon its receipt of the Notes to be delivered hereunder on the Effective Date, each Lender will promptly return to Borrower, marked "Cancelled" or "Replaced", the notes of Borrower held by such Lender pursuant to the Existing Credit Agreement.

§29.3. Interest and Fees under the Existing Agreement. All interest and all commitment, facility and other fees and expenses that have accrued before the date hereof under or in respect of the Existing Credit Agreement shall be calculated as of the Effective Date (prorated in the case of any fractional periods), and Borrower shall continue to be liable in respect of such amounts to the Lenders party to the Existing Credit Agreement and to Agent, in accordance with the Existing Credit Agreement, as if the Existing Credit Agreement were still in effect.

§29.4. Assignment of Certain Loans. In order to effectuate the provisions of this Agreement and in particular this §29, each of Citicorp Real Estate, Inc., Citicorp North America, Inc., the Borrower and the Agent acknowledge and agree that Citicorp Real Estate, Inc. hereby irrevocably sells, assigns and delegates to Citicorp North America, Inc. without recourse to the Assignor, and Citicorp North America, Inc. hereby purchases and assumes from Citicorp Real Estate, Inc., without recourse to and without representation or warranty by Citicorp Real Estate, Inc., a one hundred per cent (100%) interest in and to all of Citicorp Real Estate, Inc.'s rights and obligations under and in respect of Citicorp Real Estate, Inc.'s Commitment and Loans and its Note and related rights and obligations under the Existing Credit Agreement, this Agreement and

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the other Loan Documents. Citicorp North America, Inc. (a) confirms that it has received a copy of this Agreement, together with copies of the financial statements referenced herein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement; (b) acknowledges and agrees that it has made and will make such inquiries and has taken and will take such care on its own behalf as would have been the case had it made a Loan directly to the Borrower without the intervention of Citicorp Real Estate, Inc., the Agent or any other Person; (c) acknowledges and agrees that it will perform in accordance with their terms all of the obligations that, by the terms of any Loan Document, are required to be performed by it as a Lender; (d) agrees that it will, independently and without reliance upon Citicorp Real Estate, Inc., the Agent or any other Person which is or has become a

Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (e) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms thereof, together with such powers under this Agreement as are incidental thereto; (f) agrees that it will be bound by the provisions of this Agreement and will perform in accordance with its terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to this Agreement to deliver the forms prescribed by the Internal Revenue Service of the United States certifying as to its exemption from United States withholding taxes with respect to all payments to be made to it under this Agreement, or such other documents as are necessary to indicate that all such payments are subject to such tax at a rate reduced by an applicable tax treaty; (g) confirms that it is an Eligible Assignee; (h) acknowledges and agrees that neither Citicorp Real Estate, Inc. nor the Agent nor any Lender makes any representation or warranty or assumes any responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or any other instrument or document furnished pursuant thereto or the authorization, execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any other instrument or document furnished pursuant thereto; and (i) acknowledges and agrees that neither Citicorp Real Estate, Inc. nor the Agent nor any Lender makes any representation or warranty or assumes any responsibility with respect to the financial condition or creditworthiness of the Borrower, the Guarantor or any other Person or the performance or observance by the Borrower, the Guarantor or any other Person of any obligations under any Loan Document or any other instrument or document furnished pursuant thereto.

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IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as a sealed instrument as of the date first set forth above.

BORROWER:

SL GREEN OPERATING PARTNERSHIP, L.P.

By: SL GREEN REALTY CORP., its general partner

By: _____

Name:

Title:

GUARANTOR

SL GREEN REALTY CORP.,
a Maryland corporation

By _____

Name:

Title:

GUARANTOR:

NEW GREEN 1140 REALTY LLC,
a New York limited liability company

By: SL Green Operating Partnership, L.P.,
a Delaware limited partnership, its manager

By: SL Green Realty Corp.,
a Maryland corporation, its general partner

By _____

Name:

Title:

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GUARANTOR:

SLG 17 BATTERY LLC,
a New York limited liability company

By: SL Green Operating Partnership, L.P.,
a Delaware limited partnership, its manager

By: SL Green Realty Corp.,
a Maryland corporation, its general partner

By _____
Name:
Title:

GUARANTOR:

SL GREEN MANAGEMENT LLC,
a Delaware limited liability company

By: SL Green Operating Partnership, L.P.,
a Delaware limited partnership, its manager

By: SL Green Realty Corp.,
a Maryland corporation, its general partner

By _____
Name:
Title:

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GUARANTOR:

SLG IRP REALTY LLC,
a New York limited liability company

By: SL Green Operating Partnership, L.P.,
a Delaware limited partnership, its manager

By: SL Green Realty Corp.,
a Maryland corporation, its general partner

By _____
Name:
Title:

GUARANTOR:

GREEN 286 MADISON LLC,
a New York limited liability company

By: SL Green Operating Partnership, L.P.,
a Delaware limited partnership, its manager

By: SL Green Realty Corp.,
a Maryland corporation, its general partner

By _____
Name:
Title:

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GUARANTOR:

GREEN 1370 BROADWAY LLC,
a New York limited liability company

By: SL Green Operating Partnership, L.P.,
a Delaware limited partnership, its manager

By: SL Green Realty Corp.,
a Maryland corporation, its general partner

By _____
Name:
Title:

GUARANTOR:

GREEN 292 MADISON LLC,
a New York limited liability company

By: SL Green Operating Partnership, L.P.,
a Delaware limited partnership, its manager

By: SL Green Realty Corp.,
a Maryland corporation, its general partner

By _____
Name:
Title:

GUARANTOR:

GREEN 110 EAST 42nd LLC,
a Delaware limited liability company

By: SL Green Operating Partnership, L.P.,
a Delaware limited partnership, its manager

By: _____
Name:
Title:

GUARANTOR:

GREEN 1372 BROADWAY LLC,
a Delaware limited liability company

By: SL Green Operating Partnership, L.P.,
a Delaware limited partnership, its sole member

By: _____
Name:
Title:

GUARANTOR:

GREEN 1466 BROADWAY LLC,

a Delaware limited liability company

By: SL Green Operating Partnership, L.P.,
a Delaware limited partnership, its sole member

By: _____
Name:
Title:

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GUARANTOR:

GREEN 440 NINTH LLC,
a Delaware limited liability company

By: SL Green Operating Partnership, L.P.,
a Delaware limited partnership, its sole member

By _____
Name:
Title:

GUARANTOR:

GREEN 470 PAS LLC,
a Delaware limited liability company

By: SL Green Operating Partnership, L.P.,
a Delaware limited partnership, its sole member

By _____
Name:
Title:

84

ADMINISTRATIVE AGENT:

FLEET NATIONAL BANK
As Administrative Agent

By: _____
Name:
Title:

LENDER:

FLEET NATIONAL BANK

By: _____
Name:
Title:

85

LENDER:

By: _____
Name:
Title:

86

LENDER:

THE BANK OF NEW YORK

By: _____
Name: Anthony A. Filorimo
Title: Vice President

87

LENDER:

CITICORP NORTH AMERICA, INC.

By: _____
Name:
Title:

With respect to §29.4 only:

CITICORP REAL ESTATE, INC.

By: _____
Name:
Title:

88

LENDER:

COMERICA BANK

By: _____
Name:
Title:

89

LENDER:

COMMERZBANK AG, NEW YORK BRANCH

By: _____
Name:
Title:

By: _____
Name:
Title:

LENDER:

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: _____
Name:
Title:

LENDER:

EUROHYPO AG, NEW YORK BRANCH

By _____
Name:
Title:

By _____
Name:
Title:

LENDER:

KEYBANK NATIONAL ASSOCIATION

By: _____
Name:
Title:

LENDER:

LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE,
NEW YORK BRANCH

By: _____
Name:
Title:

By: _____
Name:
Title:

LENDER:

PNC BANK, NATIONAL ASSOCIATION

By: _____
Name:
Title:

LENDER:

WACHOVIA BANK NATIONAL ASSOCIATION

By: _____

Name:

Title:

LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____

Name:

Title:

EXHIBIT A

FORM OF REVOLVING LOAN NOTE

Lender:
Commitment: \$New York, New York
March , 2003

FOR VALUE RECEIVED, the undersigned, SL GREEN OPERATING PARTNERSHIP, L.P., a limited partnership duly organized and validly existing under the laws of the State of Delaware (the "Borrower"), hereby unconditionally promises to pay, in accordance with, and subject to, the provisions of the Credit Agreement (as hereinafter defined), to the order of the Lender stated above (the "Lender") at the office of Fleet National Bank, located at 100 Federal Street, Boston, Massachusetts 02110, in lawful money of the United States of America and in immediately available funds, on the Maturity Date a principal amount equal to the lesser of (a) the Commitment stated above and (b) the aggregate outstanding principal amount of the Loans from time to time made by the Lender to the Borrower pursuant to the Credit Agreement as hereinafter defined. The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in the Credit Agreement.

The holder of this Note is authorized to endorse on the schedules annexed hereto, which shall be attached hereto and made a part hereof, the date, type and amount of the Loans made by the Lender pursuant to the Credit Agreement and the date and amount of each payment or prepayment of principal thereof, each continuation thereof, each conversion of all or a portion thereof to another type and, in the case of LIBOR Rate Loans, the length of each Interest Period with respect thereto. Each such endorsement shall constitute *prima facie* evidence of the accuracy of the information endorsed. The failure to make any such endorsement shall not affect the obligation of Borrower to repay the Loans in accordance with the terms of the Credit Agreement.

This Note (a) is one of the Notes referred to in the Amended and Restated Revolving Credit and Guaranty Agreement dated as of March 17, 2003 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Guarantors signatory thereto, the Lenders signatory thereto, and Fleet National Bank, as Administrative Agent for the Lenders, and is subject to the provisions of the Credit Agreement and (b) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement.

Upon the occurrence of any one or more of the Events of Default, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note hereby waive presentment, demand, protest and all other notices of any kind, except as otherwise expressly provided in the Credit Agreement.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[The remainder of this page is intentionally left blank]

SL GREEN OPERATING PARTNERSHIP, L.P.

By: SL GREEN REALTY CORP.
Its General Partner

By: _____

Name: _____

Title: _____

3

SCHEDULE 1
To REVOLVING LOAN NOTE

LOANS, CONVERSIONS AND PAYMENTS OF BASE RATE LOANS

<u>Date</u>	<u>Amount of Base Rate Loans</u>	<u>Amount of Principal Repaid</u>	<u>Amount Of Base Rate Loans Converted to LIBOR Rate Loans</u>	<u>Unpaid Principal Balance Of Base Rate Loans</u>	<u>Notation Made By</u>
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SCHEDULE 1
To REVOLVING LOAN NOTE

LOANS, CONVERSIONS AND PAYMENTS OF LIBOR RATE LOANS

<u>Date</u>	<u>Amount of LIBOR Rate Loans</u>	<u>Amount of Principal Repaid</u>	<u>Amount Of LIBOR Rate Loans Converted to Base Rate Loans</u>	<u>Unpaid Principal Balance Of LIBOR Rate Loans</u>	<u>Notation Made By</u>
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EXHIBIT B

FORM OF LOAN REQUEST

, 2003

Fleet National Bank
100 Federal Street
Boston, Massachusetts 02110

Attention: []

Re: Amended and Restated Revolving Credit and Guaranty Agreement, dated as of March 17, 2003 (as amended or supplemented from time to time, the "Credit Agreement"), among SL Green Operating Partnership, L.P., as Borrower, SL Green Realty Corp and certain of its subsidiaries signatory thereto, as Guarantors, the Lenders signatory thereto, and Fleet National Bank, as Administrative Agent for the Lenders

Dear Sir or Madam:

Reference is made to the above-referenced Credit Agreement (capitalized terms used herein that are not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement). The Borrower hereby gives irrevocable notice of its intention to borrow (the "Borrowing") the following amounts under the Credit Agreement as set forth below:

1. The Borrowing Date of the proposed Borrowing is _____, _____.
2. The aggregate amount of the proposed Borrowing is \$ _____.
3. The proposed Borrowing is to be comprised of \$ _____ of [LIBOR Rate] [Base Rate] Loans.
4. The duration of the Interest Period for the Loan, if a LIBOR Rate Loan, shall be [seven days or one, two or three months.]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Borrowing, before and after giving effect to the proposed Borrowing:

6

(a) except as otherwise disclosed to the Agent in writing, the representations and warranties contained in Section 6 of the Credit Agreement and in the other Loan Documents are true and correct in all material respects as though made on and as of such date (except to the extent such representations and warranties relate to a specific date, in which case they are true and correct in all material respects as of such date);

(b) no Default or Event of Default has occurred and is continuing, or would result from such proposed Borrowing; and

(c) The proposed Borrowing will not cause the aggregate principal amount of Outstanding Obligations to exceed the Maximum Credit Amount.

The Borrower represents and warrants, as of the date hereof, that after giving effect to the Borrowing requested above, all the requirements contained in Section 11 of the Credit Agreement are satisfied.

SL GREEN OPERATING PARTNERSHIP, L.P.

By: SL GREEN REALTY CORP.,
Its General Partner

By: _____
Name:
Title:

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EXHIBIT C

COMPLIANCE CERTIFICATE

This **COMPLIANCE CERTIFICATE** is delivered pursuant to that certain Amended and Restated Revolving Credit and Guaranty Agreement, dated as of March 17, 2003 (as amended or supplemented from time to time, the "Credit Agreement"), among SL Green Operating Partnership, L.P., as Borrower, SL Green Realty Corp and certain of its subsidiaries signatory thereto, as Guarantors, the Lenders signatory thereto, Fleet National Bank, as Administrative Agent for the Lenders. Capitalized terms not defined herein shall have the same meanings ascribed thereto in the Credit Agreement.

1. The Company is the sole general partner of the Borrower.

2. The individual executing this Certificate is the duly qualified president of the Company and is executing this Certificate on behalf of the Company and the Borrower, provided, however, that such individual shall incur no personal liability by reason of the execution of this Certificate.

3. The undersigned has reviewed the terms of the Credit Agreement and has made a review of the transactions, financial condition and other affairs of the Company, the Borrower, each Guarantor and each of their respective Subsidiaries as of _____, 200__ and the undersigned has no knowledge of the existence, as of the date hereof, of any condition or event which (i) renders untrue or incorrect, in any material respect, any of the representations and warranties contained in Article 6 of the Credit Agreement (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct only as of such specified date), except as set forth in Schedule II hereto or as otherwise disclosed to the Agent in writing, or (ii) constitutes a Default or Event of Default as of the date hereof.

4. Schedule I attached hereto accurately and completely sets forth the financial data, computations and other matters required to establish compliance with the criteria set forth in the defined terms and the following sections of the Credit Agreement:

(a) Value of All Unencumbered Assets (Section 9.1):

(b) Minimum Debt Service Coverage (Section 9.2):

- (c) Total Debt to Total Assets (Section 9.3):
- (d) Maximum Secured Indebtedness; Secured Recourse Indebtedness (Section 9.4):

- (e) Minimum Tangible Net Worth (Section 9.5)
- (f) Unencumbered Asset Adjusted Net Operating Income to Assumed Debt Service (Section 9.6)
- (g) Adjusted EBITDA to Fixed Charges (Section 9.7)
- (h) Aggregate Occupancy Rate (Section 9.8)
- (i) Distributions (Section 8.6)
- (j) Interest Rate Protection (Section 7.18).

5. No Default or Event of Default has occurred and is continuing.

The Agent and the Lenders and their respective successors and assigns may rely on the truth and accuracy of the foregoing in connection with the extensions of credit to the Borrower and the Company pursuant to the Credit Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate on behalf of the Company and Borrower this _____ day of _____, 200__.

SL GREEN REALTY CORP.

By: _____
Name:
Title:

SL GREEN OPERATING PARTNERSHIP, L. P.
By: SL GREEN REALTY CORP.

By: _____
Name:
Title:

EXHIBIT D

FORM OF LETTER OF CREDIT REQUEST

No. (1) _____,

Fleet National Bank
100 Federal Street
Boston, Massachusetts 02110

Attention: [_____]

[Name and address of Issuing Bank]

Re: Amended and Restated Revolving Credit and Guaranty Agreement, dated as of March 17, 2003 (as amended or supplemented from time to time, the "Credit Agreement"), among SL Green Operating Partnership, L.P., as Borrower, SL Green Realty Corp and certain of its subsidiaries signatory thereto, as Guarantors, the Lenders signatory thereto, and Fleet National Bank, as Administrative Agent for the Lenders

Dear Sir or Madam:

Reference is made to the above-referenced Credit Agreement (capitalized terms used herein that are not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement).

The undersigned Borrower hereby requests that [name of Issuing Bank], in its individual capacity, issue a standby Letter of Credit for the account of the undersigned on _____, (the "Date of Issuance") in the aggregate stated amount of \$ _____.

The beneficiary of the requested Letter of Credit will be _____ [name of beneficiary], and such Letter of Credit will be in support of (2) _____ and will have a stated expiration date of (3) _____.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Date of Issuance, before and after giving effect to the issuance of the Letter of Credit:

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(a) except as set forth in the schedules attached hereto, the representations and warranties contained in Section 6 of the Credit Agreement and in the other Loan Documents are true and correct in all material respects as through made on and as of such date (except to the extent such representations and warranties relate to a specific date, in which case they are true and correct in all material respects as of such date);

(b) no Default or Event of Default has occurred and is continuing, or would result from the issuance of the proposed Letter of Credit; and

(c) The proposed Letter of Credit will not cause the aggregate principal amount of all Outstanding Obligations to exceed the combined Maximum Credit Amount.

The undersigned Borrower represents and warrants, as of the date hereof, that after giving effect to the Letter of Credit requested above, all the requirements contained in Section 2.9 of the Credit Agreement are satisfied.

SL GREEN OPERATING PARTNERSHIP, L.P.

By: SL Green Realty Corp.,
Its General Partner

By: _____
Name:
Title:

By: _____
Name:
Title:

-
- (1) Letter of Credit Request Number
- (2) Describe Indebtedness, if any, supported by Letter of Credit and describe obligation to which it relates.
- (3) Insert last date upon which drafts may be presented, which may not be later than five days prior to the Maturity Date.

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EXHIBIT E

FORM OF ASSIGNMENT AND ACCEPTANCE

Reference is made to the Amended and Restated Revolving Credit and Guaranty Agreement, dated as of March 17, 2003 (as amended or supplemented from time to time, the "Credit Agreement"), among SL Green Operating Partnership, L.P., as Borrower, SL Green Realty Corp. and certain of its subsidiaries signatory thereto, as Guarantors, and Fleet National Bank, as Administrative Agent for the Lenders. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms by the Credit Agreement.

(the "Assignor") and (the "Assignee") hereby agree as follows:

1. The Assignor hereby irrevocably sells, assigns and delegates to the Assignee without recourse to the Assignor, and the Assignee hereby purchases and assumes from the Assignor, without recourse to and without representation or warranty by the Assignor except as otherwise specifically set forth in Section 2 below, a \$ _____ (1) interest in and to all of the Assignor's rights and obligations under and in respect of Assignor's Commitment and Loans and its Note set forth on Schedule I hereto (the "Assigned Loan") and related rights and obligations under the Credit Agreement and other Loan Documents.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than that it has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrower or Guarantor or the performance or observance by Borrower or

(1) The minimum amount that may be assigned is equal to the lesser of (i) \$5,000,000 or (ii) the Commitment of the Assignor as determined in accordance with the Credit Agreement.

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thereto; and (c) attaches the Note evidencing the Assigned Loan and requests that the Administrative Agent exchange such Note for [(i)]a new Note, dated _____, in the principal amount of \$ _____ payable to the order of the Assignee[, and (ii) a new Note, dated _____, in the principal amount of \$ _____ payable to the order of the Assignor].

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referenced therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) acknowledges and agrees that it has made and will make such inquiries and has taken and will take such care on its own behalf as would have been the case had it made a Loan directly to the Borrower without the intervention of the Assignor, the Agent or any other Person; (d) acknowledges and agrees that it will perform in accordance with their terms all of the obligations that, by the terms of any Loan Document, are required to be performed by it as a Lender; (e) agrees that it will, independently and without reliance upon the Assignor, the Agent or any other Person which is or has become a Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (f) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers under the Credit Agreement as are incidental thereto; (g) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to the Credit Agreement to deliver the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement, or such other documents as are necessary to indicate that all such payments are subject to such tax at a rate reduced by an applicable tax treaty; (h) confirms that the Assignee is an "Eligible Assignee" under the terms of the Credit Agreement; (i) acknowledges and agrees that neither the Assignor nor the Agent makes any representation or warranty or assumes any responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or any other instrument or document furnished pursuant thereto or the authorization, execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any other instrument or

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document furnished pursuant thereto; and (j) acknowledges and agrees that neither the Assignor nor the Agent makes any representation or warranty or assumes any responsibility with respect to the financial condition or creditworthiness of the Borrower, the Guarantor or any other Person or the performance or observance by the Borrower, the Guarantor or any other Person of any obligations under any Loan Document or any other instrument or document furnished pursuant thereto.

4. The effective date for this Assignment and Acceptance shall be _____ (the "Effective Date").(2) Following the execution of this Assignment and Acceptance by the Assignor and the Assignee, it will be delivered to the Administrative Agent for acceptance by the Administrative Agent[, and the Assignor or the Assignee shall pay to the Administrative Agent a \$3,500 registration fee]. Following such payment, and acceptance by the Administrative Agent of this Assignment and Acceptance, a photostatic copy hereof shall be delivered to the Borrower and the Administrative Agent. Within five (5) Business Days after the Borrower's receipt of such photostatic copy, the Borrower shall execute and deliver to the Administrative Agent the new Note or Notes to be held in escrow by the Administrative Agent pending release of the Note (in the appropriate outstanding principal amount) evidencing the Assigned Loan to the Borrower. The Administrative Agent shall deliver the new Note or Notes to the payee(s) thereof, shall mark the Note evidencing the Assigned Loan as "replaced" and shall deliver the same to the Borrower.

5. Upon such acceptance by the Administrative Agent, as of the Effective Date,

(a) From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the other Facility Documents and shall be bound by the provisions thereof, and the Assignee, in addition to any rights, benefits and obligations under the Loan Documents held by it immediately prior to the Effective Date, shall have the rights, benefits and obligations of a Lender under the Loan Documents that have been assigned to it (including, but not limited to, obligations to the Borrower under the Loan Documents) pursuant to this Assignment and Acceptance. The Assignee shall become a Lender for all purposes of the Credit Agreement and the other Loan Documents, and execution hereof shall be deemed to be execution of the Credit Agreement; and

(2) The requested effective date must be at least five Business Days after the execution of this Assignment and Acceptance.

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(b) The Assignor, to the extent provided in this Assignment and Acceptance, shall relinquish its rights (except as provided in the Credit Agreement) and benefits and be released from its obligations under the Credit Agreement (and, in the case of an assignment covering all or the remaining portion of the Assignor's rights, benefits and obligations under the Loan Documents, the Assignor shall cease to be a Lender under the Loan Documents, except as provided in the Credit Agreement).

6. Upon such acceptance by the Administrative Agent, from and after the Effective Date, the Administrative Agent shall make payments under the Credit Agreement in respect of the Assigned Loan (including, without limitation, all payments of principal, interest and fees with respect thereto) to the Assignee, whether such amounts have accrued prior to the Effective Date or accrue subsequent to the Effective Date. The Assignor and the Assignee agree that they shall make all appropriate adjustments in payments under the Credit Agreement by the Administrative Agent for periods prior to the Effective Date directly between themselves.

7. The Assignor agrees to give written notice of this Assignment and Acceptance to the Agent, each Lender and the Borrower, which written notice shall include the addresses and related information with respect to the Assignee.

8. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, INCLUDING, WITHOUT LIMITATION, SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW.

9. EACH OF THE ASSIGNOR AND THE ASSIGNEE HEREBY WAIVES (TO THE EXTENT PERMITTED BY LAW) THE RIGHT TO A TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS ASSIGNMENT AND ACCEPTANCE, ANY INSTRUMENT OR DOCUMENT DELIVERED PURSUANT TO THIS ASSIGNMENT AND ACCEPTANCE, OR THE VALIDITY, INTERPRETATION, OR ENFORCEMENT THEREOF.

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IN WITNESS WHEREOF, the undersigned have caused this Assignment and Acceptance to be duly executed and delivered by their respective officers thereunto duly authorized as of the date and year first above written.

[NAME OF ASSIGNOR]

[NAME OF ASSIGNEE]

By: _____

By: _____

Title: _____

Title: _____

Accepted this _____ day of _____,

FLEET NATIONAL BANK,
as Administrative Agent

By: _____

Title: _____

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SCHEDULE 1

Lenders: Domestic and LIBOR Lending Offices

FLEET NATIONAL BANK
100 Federal Street
Boston, Massachusetts 02110
Attn: Structured Real Estate
Fax: (617) 434-0645
Tel: (617) 434-2738

BANK LEUMI USA
562 Fifth Avenue
New York, New York 10036
Attn: Frederick Wilhelm, Vice President
Fax: (212) 626-1239
Tel: (212) 626-1240

THE BANK OF NEW YORK
One Wall Street, 21st Floor
New York, New York 10286
Attn: Anthony Filorimo, Vice President
Fax: (212) 809-9526
Tel: (212) 635-7519

CITICORP NORTH AMERICA, INC.
390 Greenwich Street
New York, New York 10013
Attn: Michael P. Psyllos, Vice President
Fax: (212) 723-8380

Tel: (212) 723-6789

COMERICA BANK

500 Woodward Avenue

Detroit, Michigan 48226

Attn: Scott Helmer, Vice President

Fax: (313) 222-9295

Tel: (313) 222-5717

COMMERZBANK AG, NEW YORK BRANCH

2 World Financial Center

New York, New York 10281

Attn: David Schwarz, Senior Vice President

Fax: (212) 266-7565

Tel: (212) 266-7632

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DEUTSCHE BANK TRUST COMPANY AMERICAS

31 West 52nd Street, 7th Floor

New York, New York 10019

Attn: Linda Wang, Vice President

Fax: (646) 324-7450

Tel: (646) 324-2114

EUROHYPO AG, NEW YORK BRANCH

1114 Avenue of the Americas, 29th Floor

New York, New York 10036

Attn: Alfred R. Koch, Director

Fax: (212) 479-5800

Tel: (212) 479-5705

KEYBANK NATIONAL ASSOCIATION

127 Public Square

Cleveland, Ohio 44114

Attn: Timothy J. Mertens, Vice President

Fax: (917) 368-2370

Tel: (917) 368-2390

LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE,

NEW YORK BRANCH

590 Madison Avenue, 28th Floor

New York, New York 10022-2540

Attn: Gabi Shields, Assistant Vice President

Fax: (212) 407-6033

Tel: (212) 407-6025

PNC BANK, NATIONAL ASSOCIATION

2 Tower Center Boulevard, 18th Floor

East Brunswick, New Jersey 00816

Attn: Thomas Nastarowicz, Vice President

Fax: (732) 220-3744

Tel: (732) 220-3542

WACHOVIA BANK NATIONAL ASSOCIATION

301 South College Street, NC0172

Charlotte, North Carolina 28288

Attn: Rex Rudy

Fax: (704) 383-6205

Tel: (704) 383-6506

WELLS FARGO BANK, NATIONAL ASSOCIATION

40 West 57th Street, 22nd Floor

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New York, New York 10019

Attn: Christopher B. Wilson, Vice President

Fax: (212) 581-0979

Tel: (212) 315-7425

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SCHEDULE 1.1

UNENCUMBERED ASSETS

	<u>ASSET</u>	<u>OWNERSHIP</u>
1.	1372 Broadway, New York, New York	Green 1372 Broadway LLC
2.	1140 Avenue of the Americas, New York, New York (leasehold).	New Green 1140 Realty LLC
3.	1466 Broadway, New York, New York	Green 1466 Broadway LLC
4.	440 Ninth Avenue, New York, New York	Green 440 Ninth LLC
5.	Condominium Units known as the Commercial Unit, as set forth in the Declaration of Condominium and By-Laws of the Home Savings of America New York Headquarters Condominium, and located in the building known as 110 East 42nd Street, New York, New York	Green 110 East 42 nd LLC
6.	Condominium Unit #3, as set forth in the Declaration of Condominium and By-Laws, and located in the building known as 17 Battery Place (North Building), New York, New York	SLG 17 Battery LLC
7.	470 Park Avenue South, New York, New York	Green 470 PAS LLC
8.	1370 Broadway, New York, New York	Green 1370 Broadway LLC
9.	292 Madison Avenue, New York, New York	Green 292 Madison LLC
10.	286 Madison Avenue, New York, New York	Green 286 Madison LLC

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SCHEDULE 1.2

Commitments and Commitment Percentages

<u>Financial Institution</u>	<u>Commitment</u>	<u>Commitment Percentage</u>
Fleet National Bank	\$ 30,000,000	10.0000%
Commerzbank AG, New York Branch	\$ 30,000,000	10.0000%
Wells Fargo Bank, National Association	\$ 30,000,000	10.0000%
Wachovia Bank National Association	\$ 30,000,000	10.0000%
KeyBank National Association	\$ 26,000,000	8.6667%
The Bank of New York	\$ 26,000,000	8.6667%
EuroHypo AG, New York Branch	\$ 26,000,000	8.6667%
Citicorp North America, Inc.	\$ 20,500,000	6.8333%
PNC Bank, National Association	\$ 20,500,000	6.8333%
Landesbank Schleswig-Holstein Girozentrale, New York Branch	\$ 20,500,000	6.8333%
Deutsche Bank Trust Company Americas	\$ 20,500,000	6.8333%
Bank Leumi USA	\$ 10,000,000	3.3333%
Comerica Bank	\$ 10,000,000	3.3333%

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SCHEDULE 1.3

RELATED COMPANIES, GUARANTOR
SUBSIDIARIES AND UNCONSOLIDATED ENTITIES

A. Related Companies:

	<u>Entity</u>	<u>% Directly/Indirectly Owned by Borrower</u>
1.	New Green 673 Realty LLC	100
2.	New Green 50W23 Realty LLC	100
3.	New Green 1140 Realty LLC	100
4.	Green W. 57th St., LLC	100
5.	Green 292 Madison LLC	100
6.	Green 290 Madison LLC	100
7.	Green 286 Madison LLC	100
8.	Green 1414 Manager LLC	100
9.	Green 1414 Property LLC	99.5

10.	Green 70W36 Manager LLC	100
11.	Green 70W36 Property LLC	99.5
12.	SLG Graybar Sublease Corp.	0
13.	SLG Graybar Sublease LLC	99.99
14.	SLG Graybar Mesne Lease Corp.	0
15.	SLG Graybar Mesne Lease LLC	99.99
16.	SL Green Management LLC	100
17.	SLG Warrant LLC	75
18.	Green 711 Sublease Manager LLC	100
19.	SLG 711 Third LLC	99.5
20.	Green 711 Fee Manager LLC	100
21.	SLG 711 Fee LLC	99.5
22.	Green 711 Mortgage Manager LLC	100
23.	Green 711 LM LLC	99.5
24.	SLG 17 Battery LLC	100
25.	Green 1370 Broadway LLC	100
26.	SLG One Park Shareholder LLC	100
27.	Green 317 Madison LLC	100
28.	Greater New York Property LLC	100
29.	SL Green Realty Acquisition LLC	100
30.	SLG Asset Management Fee LLC	100
31.	Structured Finance TRS Corp.	100
32.	SLGLB Promote LLC	100
33.	SLGLB Owner LLC	100
34.	1250 Broadway SPE Corp.	100

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35.	SLG 1250 Broadway Finance LLC	100
36.	Green 1250 Broadway LLC	99.9
37.	Green 1250 Broadway Acquisition LLC	99.9
38.	News Option LLC	100
39.	SL Green Funding LLC	100
40.	Green 1412 Preferred LLC	100
41.	News Funding LLC	100
42.	1515 Broadway Finance LLC	100
43.	SLGLB Special Purpose Corp.	100
44.	SL Green Servicing Corp.	100
45.	SLG One Park Member LLC	100
46.	Green Three Pack Funding LLC	100
47.	SLG IRP LLC	100
48.	469 Preferred Member LLC	100
49.	1515 SLG Private REIT LLC	100
50.	1515 Promote LLC	100
51.	1515 SLG Optionee LLC	100
52.	SL Green 100 Park LLC	100
53.	SLG 1440 Broadway Funding LLC	100
54.	eEmerge, Inc.	100
55.	SLG Penncom Funding LLC	100
56.	SLG 500-512 Funding LLC	100
57.	Metrostar 34th St. Funding LLC	100
58.	SLG Metrostar Investments LLC	100
59.	SLG 220 News MZ LLC	100
60.	Green 1372 Broadway LLC	100
61.	Green 1466 Broadway LLC	100
62.	Green 440 Ninth LLC	100
63.	Green 110 East 42 nd LLC	100
64.	Green 470 PAS LLC	100

B. Unconsolidated Entities:

	Entity	% Directly/Indirectly Owned by Borrower
1.	SL Green Management Corp.	95 (non-voting shares)
2.	SLG 100 Park LLC	49.9
3.	1250 Broadway Realty Corp.	55
4.	SLG Elevator Holdings LLC	75
5.	NJ Mortgage Acquisition LLC	9.9
6.	MSSG Realty Partners I, L.L.C. (180 Madison Avenue)	49.9
7.	MSSG Realty Partners II, L.L.C. (469 Seventh Avenue)	35

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8.	MSSG Realty Partners III, L.L.C.(1) (321 West 44th Street)	52
9.	One Park Realty Corp.	55
10.	1515 Broadway Realty Corp.	55

C. Guarantors:

	Entity	% Directly/Indirectly Owned by Borrower
1.	New Green 1140 Realty LLC	100
2.	SLG 17 Battery LLC	100
3.	Green 286 Madison LLC	100
4.	Green 292 Madison LLC	100
5.	SL Green Management LLC	100
6.	SLG IRP Realty LLC	100
7.	Green 1370 Broadway LLC	100
8.	Green 1372 Broadway LLC	100
9.	Green 1466 Broadway LLC	100
10.	Green 440 Ninth LLC	100
11.	Green 110 East 42 nd LLC	100
12.	Green 470 PAS LLC	100

(1) 52% membership interest/35% economic interest

SCHEDULE 6.3

TITLE TO PROPERTIES

- 1 Park Avenue, New York, New York (Borrower indirectly owns a 55.00% interest in an entity which indirectly owns, in whole or in part, fee title to, and a ground lease interest in, this property).
- 1515 Broadway, New York, New York (Borrower indirectly owns a 54.96% interest in an entity which indirectly holds fee title to this property).
- 100 Park Avenue, New York, New York (Borrower owns 100% of SL Green 100 Park LLC, which owns a 49.9% interest in SLG 100 Park LLC, which holds fee title to this property).
- 1250 Broadway, New York, New York (Borrower indirectly owns a 54.86% interest in an entity which indirectly holds fee title to this property).
- 180 Madison Avenue, New York, New York (The Borrower owns a 49.9% interest in MSSG Realty Partners I, L.L.C., which owns 100% of Green 180 Madison Avenue LLC, which holds fee title to this property).
- 321 West 44th Street, New York, New York (Borrower owns a 35% economic interest, and a 52% membership interest, in MSSG Realty Partners III, L.L.C., which owns 100% of Green 321W44 LLC which holds fee title to this property).
- 711 Third Avenue, New York, New York (Borrower owns 100% of SLG 711 Fee LLC, which holds fee title to this property as a tenant-in-common with an entity unrelated to Borrower).

SCHEDULE 6.7

LITIGATION

NONE

SCHEDULE 6.15

INSIDER TRANSACTIONS

Cleaning Services

First Quality Maintenance, L.P. ("First Quality") provides cleaning, extermination and related services with respect to certain of the properties owned by Borrower. First Quality is owned by Gary Green, a son of Stephen L. Green, Chairman of the Board and Chief Executive Officer of the Company. First Quality also provides additional services directly to tenants on a separately negotiated basis. The aggregate amount of fees paid by Borrower to First Quality for services provided (excluding services provided directly to tenants) was approximately \$2,837,000 in 2000, \$3,591,000 in 2001 and \$3,446,000 in 2002. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at Borrower's properties on a basis separately negotiated with any tenant seeking such additional services. First Quality leases 12,290 square feet of space at 70 West 36th Street pursuant to a lease that expires on December 31, 2005 and provides for annual rental payments of approximately \$173,303.

Leases

Nancy Peck and Company ("NP&C") leases 2,013 feet of space at 420 Lexington Avenue, New York, New York 10170 pursuant to a lease that expires on June 30, 2005 and provides for annual rental payments of approximately \$61,471. NP&C is owned by Nancy Peck, the wife of Stephen L. Green.

Security Services

Classic Security LLC ("Classic Security") provides security services with respect to certain properties owned by the Company. Classic Security is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees paid by Borrower for such services was approximately \$1,807,000 in 2000, \$2,214,000 in 2001 and \$3,213,000 in 2003.

Brokerage Services

Sonnenblick-Goldman Company, a nationally recognized real estate investment banking firm ("Sonnenblick"), provided mortgage brokerage services with respect to securing approximately \$205,000,000 of first mortgage financing for 100 Park Avenue in 2000 and 1250 Broadway in 2001. Morton Holliday, the father of Marc Holliday (President of the Company), was a Managing Director of Sonnenblick at the time of the financings. The fees paid by Borrower to Sonnenblick for such services were approximately \$358,000 in 2000 and \$319,000 in 2001.

Management Fees

SL Green Management Corp. receives property management fees from certain entities in which Stephen L. Green owns an interest. The aggregate amount of fees paid to SL Green Management Corp. from such entities was approximately \$209,000 in 2000, \$212,000 in 2001, and \$242,000 in 2002.

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Messenger Services

Bright Star Courier LLC ("Bright Star") provides messenger services with respect to certain properties owned by the Company. Bright Star is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees paid by Borrower for such services was approximately \$87,000 in 2002. No fees were paid prior to 2002.

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SCHEDULE 6.16

EMPLOYEE BENEFIT PLANS

1. The Company's 401(k) Plans
2. The Company's Health Plan (Empire Blue Cross Blue Shield)
3. The Company's Dental Plan (Guardian)
4. The Company's Short Term Disability Insurance Plan (First Fortis)
5. The Health, Pension and Annuity Plans of Local 32B-J and of Local 94

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SCHEDULE 6.18

ENVIRONMENTAL MATTERS

NONE

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SCHEDULE 6.19

COMPANY ASSETS

NONE

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BUILDING STRUCTURAL DEFECTS, ETC.

The Unencumbered Assets listed below are currently undergoing facade maintenance and repairs in accordance with the laws of the City of New York:

NONE

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SCHEDULE 6.22

INDEBTEDNESS

(All balances set forth below are as of Effective Date.)

1. \$1,736,830 loan from MSREF III Special Fund, L.P., MSP Real Estate Fund, L.P., Morgan Stanley Real Estate Investors III, L.P., and MSP Co-Investment Partnership, L.P., collectively, as lender, and SL Green Operating Partnership, L.P., as borrower, in connection with certain membership interests of the borrower in MSSG Realty Partners III, L.L.C. Maturity Date: July 28, 2004.
2. \$25,660,839.56 loan from CIBC, Inc., as lender, to Green 70W36 Property LLC, and Green 1414 Property LLC, collectively, as borrower, in connection with the properties located at 70 West 36th Street, New York, New York and 1414 Avenue of the Americas, New York, New York. Maturity Date: May 1, 2009.
3. \$20,875,561.60 loan from Lehman Brothers Holdings Inc., as lender, to New Green 50 W 23 Realty LLC, as borrower, in connection with the property located at 50 West 23rd Street, New York, New York. Maturity Date: August 1, 2007.
4. \$48,419,361.15 loan from Morgan Guaranty Trust Company of New York, as lender, to SLG 711 Fee LLC and SLG 711 Third LLC, collectively, as borrower, in connection with the property located at 711 Third Avenue, New York, New York. Maturity Date: September 10, 2005.
5. \$122,981,520.48 loan from German American Capital Corporation, as lender, to SLG Graybar Mesne Lease LLC and SLG Graybar Sublease LLC, collectively, as borrower, in connection with certain leasehold interests in the property located at 420 Lexington Avenue, New York, New York. Maturity Date: November 1, 2010.
6. \$65,000,000 loan from Wells Fargo Bank, National Association, as lender, to Green 317 Madison LLC, as borrower, in connection with the property located at 317 Madison Avenue, New York, New York. Maturity Date: August 20, 2004.
7. \$14,830,529.03 loan from Legg Mason Real Estate Services Incorporated, as lender, to SLG Shelton Realty LLC, as borrower, in connection with the property located at 875 Bridgeport Avenue, Shelton, Connecticut. Maturity Date: May 10, 2025.
8. \$68,198,016.00 loan from Bank of New York, as agent and lender, to Green W. 57th St., LLC, as borrower, in connection with the property located at 555 West 57th Street, New York, New York. Maturity Date: November 4, 2004.
9. \$150,000,000 term loan facility from Wells Fargo Bank, National Association, and other lenders, to SL Green Operating Partnership, L.P. Maturity Date: December 5, 2007.

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10. \$75,000,000 secured revolving credit facility from Fleet National Bank, N.A., and other lenders, to SL Green Operating Partnership, L.P. Maturity Date: December 20, 2003.

11. \$22,178,400 repurchase agreement from Salomon Brothers Holding Company Inc., as lender, to Green 3 Pack Funding LLC, as borrower in connection with the properties located at 509, 535 and 545 Fifth Avenue, New York, New York. Maturity Date: November 1, 2003.

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SCHEDULE 8.2(d)

INVESTMENTS

1. Borrower's 100% of the voting shares of eEmerge, Inc.
2. Borrower's 100% interest in SLG IRP Realty LLC
3. Borrower's 75% equity interest SLG Warrant LLC
4. Borrower's 75% equity interest in SLG Elevator Holdings LLC
5. Borrower's 100% interest in SL Green Management LLC

6. Borrower's 95% equity interest in SL Green Management Corp.
7. Borrower's 100% interest in 469 Preferred Member LLC
8. Borrower's 100% interest in Green 1412 Preferred LLC
9. Borrower's 100% interest in SLG 1440 Broadway Funding LLC
10. Borrower's 100% interest in SL Green Funding LLC

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SL Green Realty Corp. (the "Company") on Form 10-Q for the quarter ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen L. Green, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen L. Green

Stephen L. Green
Chief Executive Officer

May 6, 2003

A signed original of this written statement required by Section 906 has been provided to SL Green Realty Corp. and will be retained by SL Green Realty Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SL Green Realty Corp. (the "Company") on Form 10-Q for the quarter ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas E. Wirth, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas E. Wirth

Thomas E. Wirth
Executive Vice President and Chief Financial Officer

May 6, 2003

A signed original of this written statement required by Section 906 has been provided to SL Green Realty Corp. and will be retained by SL Green Realty Corp. and furnished to the Securities and Exchange Commission or its staff upon request.
