UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2003

or

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

For the transition period from to .

Commission File No. 1-13199

SL GREEN REALTY CORP.

(Exact name of registrant as specified in its charter)

Maryland	**13-3956755**
(State or other jurisdiction incorporation or organization)	(I.R.S. Employer of Identification No.)

420 Lexington Avenue, New York, NY 10170
(Address of principal executive offices - zip code)

(212) 594-2700
(Registrant's telephone number, including area code)

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

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $.01 par value	New York Stock Exchange
7.625% Series C Cumulative Redeemable Preferred Stock, $0.01 par value, $25.00 mandatory liquidation preference	New York Stock Exchange

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☒ No o.

As of February 27, 2004, there were 38,265,273 shares of the Registrant's common stock outstanding. The aggregate market value of common stock held by non-affiliates of the Registrant (30,571,805 shares) at June 30, 2003, was $1,066,650,276. The aggregate market value was calculated by using the closing price of the common stock as of that date on the New York Stock Exchange.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Annual Stockholders' Meeting to be held May 19, 2004 and to be filed within 120 days after the close of the Registrant's fiscal year are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART I

ITEM 1. BUSINESS

General

SL Green Realty Corp. is a self-managed real estate investment trust, or REIT, with in-house capabilities in property management, acquisitions, financing, development, construction and leasing. We were formed in June 1997 for the purpose of continuing the commercial real estate business of S.L. Green Properties, Inc., our predecessor entity. S.L. Green Properties, Inc., which was founded in 1980 by Stephen L. Green, our Chairman and former Chief Executive Officer, had been engaged in the business of owning, managing, leasing, acquiring and repositioning office properties in Manhattan, a borough of New York City, or Manhattan.

As of December 31, 2003, our portfolio, which included interests in 26 properties aggregating 15.2 million square feet, consisted of 20 wholly-owned commercial properties, or the wholly-owned properties, and six partially-owned commercial properties encompassing approximately 8.2 million and 7.0 million rentable square feet, respectively, located primarily in midtown Manhattan. Our wholly-owned interests in these properties represent fee ownership (14 properties), including ownership in condominium units, leasehold ownership (four properties) and operating sublease ownership (two properties). Pursuant to the operating sublease arrangements, we, as tenant under the operating sublease, perform the functions traditionally performed by landlords with respect to its subtenants. We are responsible for not only collecting rent from subtenants, but also maintaining the property and paying expenses relating to the property. As of December 31, 2003, the weighted average occupancy (total leased square feet divided by total available square feet) of our wholly-owned properties was 95.8%. Our six partially-owned properties, which we own through unconsolidated joint ventures, were 95.8% occupied as of December 31, 2003. We refer to our wholly-owned properties and unconsolidated joint ventures collectively as our portfolio. See Note 6 to the consolidated financial statements for a further discussion on our ownership interests in One Park Avenue, one of our joint venture properties. In addition, we manage three office properties owned by third-parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

Our corporate offices are located in midtown Manhattan at 420 Lexington Avenue, New York, New York 10170. Our corporate staff consists of approximately 130 persons, including 102 professionals experienced in all aspects of commercial real estate. We can be contacted at (212) 594-2700. We

maintain a website at www.slgreen.com. On our website, you can obtain, free of charge, a copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as practicable after we file such material electronically with, or furnish it to, the Securities and Exchange Commission. We have also made available on our website our audit committee charter, compensation committee charter, corporate governance and nominating committee charter, code of business conduct and ethics and corporate governance principles.

Unless the content requires otherwise, all references to "we," "our," and "us" in this annual report means SL Green Realty Corp., a Maryland corporation, and one or more of its subsidiaries, including SL Green Operating Partnership, L.P., a Delaware limited partnership, or the Operating Partnership, and the predecessors thereof, or the SL Green Predecessor, or, as the context may require, SL Green Realty Corp. only or SL Green Operating Partnership, L.P. only and "S.L. Green Properties" means S.L. Green Properties, Inc., a New York corporation, as well as the affiliated partnerships and other entities through which Stephen L. Green has historically conducted commercial real estate activities.

Corporate Structure

In connection with our initial public offering, or IPO, in August 1997, our Operating Partnership received a contribution of interests in real estate properties as well as a 95% economic, non-voting interest in the management, leasing and construction companies affiliated with S.L. Green Properties. We refer to this management entity as the "Service Corporation." We are organized so as to qualify and have elected to qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code.

Substantially all of our assets are held by, and all of our operations are conducted through, our Operating Partnership. We are the sole managing general partner of, and as of December 31, 2003, were the owner of approximately 94.0% of the economic interests in, our Operating Partnership. All of the management and leasing operations with respect to our wholly-owned properties are conducted through SL Green Management LLC, or Management LLC. Our Operating Partnership owns a 100% interest in Management LLC.

In order to maintain our qualification as a REIT while realizing income from management, leasing and construction contracts with third parties and joint venture properties, all of these service operations are conducted through the Service Corporation. We, through our Operating Partnership, own 100% of the non-voting common stock (representing 95% of the total equity) of the Service Corporation. Through dividends on our equity interest, we expect to receive substantially all of the cash flow from the Service Corporation's operations. All of the voting common stock of the Service Corporation (representing 5% of the total equity) is held by a Company affiliate. This controlling interest gives the affiliate the power to elect all directors of the Service Corporation. Prior to July 1, 2003, we accounted for our investment in the Service Corporation on the equity basis of accounting because we had significant influence with respect to management and operations, but did not control the entity. Since July 1, 2003, we have consolidated the operations of the Service Corporation into our financial results. Effective January 1, 2001, the Service Corporation elected to be taxed as a taxable REIT subsidiary.

Business and Growth Strategies

Our primary business objective is to maximize total return to shareholders through growth in funds from operations and appreciation in the value of our assets during any business cycle. We seek to achieve this objective by assembling a compelling portfolio of Manhattan office properties by capitalizing on current opportunities in the Manhattan office market through: (i) property acquisitions (including through joint ventures) - acquiring office properties at significant discounts to replacement costs with market rents at a premium to fully escalated in place rents which provide attractive initial yields and the potential for cash flow growth; (ii) property repositioning - repositioning acquired properties that are under performing through renovations, active management and proactive leasing; (iii) property dispositions; (iv) integrated leasing and property management; and (v) structured finance investments in the greater New York area. Generally, we focus on properties that are within a ten minute walk of midtown Manhattan's primary commuter stations.

Property Acquisitions. We acquire properties for long term appreciation and earnings growth (core assets) or for shorter term holding periods where we attempt to create significant increases in value which, when sold, result in capital gains that increase our investment capital base (non-core assets). In acquiring (core and non-core) properties, directly or through joint ventures with the highest quality institutional investors, we believe that we have the following advantages over our competitors: (i) senior management's average 21 years of experience as a full service, fully integrated real estate company focused on the office market in Manhattan; (ii) enhanced access to capital as a public company (as compared to the generally fragmented institutional or venture oriented sources of capital available to private companies); (iii) the ability to offer tax-advantaged structures to sellers through the exchange of ownership interests as opposed to solely cash transactions; and (iv) the ability to close a transaction quickly despite complicated ownership structures.

Property Repositioning. We apply our management's experience in enhancing property cash flow and value by renovating and repositioning properties to be among the best in their submarkets. Many of the office buildings we own or acquire are located in or near submarkets which are undergoing major reinvestment and where the properties in these markets have relatively low vacancy rates compared to other sub-markets. Because the properties feature unique architectural design, large floor plates or other amenities and functionally appealing characteristics, reinvestment in them provides us an opportunity to meet market needs and generate favorable returns.

Property Dispositions. We continuously evaluate our properties to identify which are most suitable to meet our long term earnings growth objectives and contribute to increasing portfolio value. Properties such as smaller side-street properties or properties that simply no longer meet our earnings objectives are identified as non-core holdings, and are targeted for sale to create investment capital. We believe that we will be able to redeploy the capital generated from the disposition of non-core holdings into property acquisitions or investments in high-yield structured finance investments which will provide enhanced future capital gain and earnings growth opportunities.

Leasing and Property Management. We seek to capitalize on our management's extensive knowledge of the Manhattan marketplace and the needs of the tenants therein by continuing a proactive approach to leasing and management, which includes: (i) the use of in-depth market research; (ii) the utilization of an extensive network of third-party brokers; (iii) comprehensive building management analysis and planning; and (iv) a commitment to tenant satisfaction by providing high quality tenant services at affordable rental rates. We believe proactive leasing efforts have contributed to average occupancy rates in our portfolio exceeding the market average.

Structured Finance. We seek to invest in high-yield structured finance investments. These investments generally provide high current returns and, in certain cases, a potential for future capital gains. These investments may also serve as a potential source of real estate acquisitions for us. These investments include both floating rate and fixed rate investments. Our floating rate investments serve as a natural hedge for our unhedged floating rate debt. We intend to invest up to 10% of our total market capitalization in structured finance investments. Structured finance investments include first mortgages, mortgage participations, subordinate loans, bridge loans and preferred equity investments.

Competition

The Manhattan office market is a competitive marketplace. Although currently no other publicly traded REITs have been formed solely to own, operate and acquire Manhattan office properties, we may in the future compete with such other REITs. In addition, we may face competition from other real estate companies (including other REITs that currently invest in markets other than or in addition to Manhattan) that may have greater financial resources or access to capital than we do or that are willing to acquire properties in transactions which are more highly leveraged or are less attractive from a financial viewpoint than we are willing to pursue.

Manhattan Office Market Overview

The properties in our portfolio are located in highly developed areas of Manhattan that include a large number of other office properties. Manhattan is by far the largest office market in the United States and contains more rentable square feet than the next five largest central business district office markets in the United States combined. Manhattan has a total inventory of 389 million square feet with 231 million square feet in Midtown. Over the next five years, we estimate that Midtown Manhattan will have approximately 5.9 million square feet of new construction coming on line. This represents approximately 1.5% of total Manhattan inventory.

General Terms of Leases in the Midtown Manhattan Markets

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

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

Electricity is most often supplied by the landlord either on a submetered basis or rent inclusion basis (i.e., a fixed fee is included in the rent for electricity, which amount may increase based upon increases in electricity rates or increases in electrical usage by the tenant). Base building services other than electricity (such as heat, air conditioning and freight elevator service during business hours, and base building cleaning) typically are provided at no additional cost, with the tenant paying additional rent only for services which exceed base building services or for services which are provided other than during normal business hours. During the year ended December 31, 2003, we were able to recover approximately 90% of our electric costs.

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

Occupancy

The following table sets forth the occupancy rates at our properties based on space leased as of December 31, 2003, 2002 and 2001:

	Percent Occupied as of December 31,		
Property	**2003**	**2002**	**2001**
Same Store Properties (1)	95.8%	97.1%	97.4%
Joint Venture Properties	95.8%	97.3%	98.4%
Portfolio	95.8%	96.9%	97.7%

(1) Represents 17 of our 20 wholly-owned properties owned by us at December 31, 2001 and still owned by us at December 31, 2003.

Rent Growth

Previous strength in the New York City economy fueled the demand for quality commercial space in our submarkets. Over the past several years, there has been an approximately 20% decline in average market rents. This has substantially reduced the rent growth for our Same-Store Properties, measured as the difference between effective (average) rents on new and renewed leases as compared to the expiring rent on those same spaces, to 6.5% for 2003. Recent strengthening in the national and New York City economies may ultimately lead to a decline in vacancies and future growth in rents.

Despite the changes to the New York City economy, we estimate that rents currently in place in our wholly-owned properties are approximately 1.0% below current market asking rents. We estimate that rents currently in place in our properties owned through joint ventures are approximately 14.4% below current market asking rents. We refer to this premium over our current in-placed rents as embedded growth. Embedded growth was 6.6% at December 31, 2002 for the wholly-owned properties and 20.8% for the joint venture properties. As of December 31, 2003, 26.7% and 23.9% of all leases in-place in our wholly-owned and joint venture properties, respectively, are scheduled to expire during the next four years. We expect to capitalize on embedded rent growth as

these leases and future leases expire by renewing or replacing these tenant leases at higher prevailing market rents. There can be no assurances that our estimates of current market rents are accurate, that market rents currently prevailing will not erode in the future or that we will realize any rent growth. However, we believe the degree that rents in the current portfolio are below market provides a potential for long-term income growth.

Industry Segments

We are a REIT that owns, manages, leases and repositions office properties in Manhattan and have two reportable segments, office real estate and structured finance investments. We evaluate real estate performance and allocate resources based on earnings contribution to net operating income.

Our real estate portfolio is primarily located in one geographical market of Manhattan. The primary sources of revenue are generated from tenant rents and escalations and reimbursement revenue. Real estate property operating expenses consist primarily of security, maintenance, utility costs, real estate taxes and ground rent expense (at certain applicable properties). As of December 31, 2003, no single tenant in our wholly-owned properties contributed more than 4.8% of our annualized revenue. In addition, two properties, 420 Lexington Avenue and 220 East 42nd Street, each contributed in excess of 10% of our consolidated revenue for 2003. See Item 2 "Properties – 420 Lexington Avenue" and " - 220 East 42nd Street" for a further discussion on these properties. In addition, one tenant at 1515 Broadway, a joint venture property, contributed approximately 7.8% of portfolio annualized rent. Portfolio annualized rent includes our consolidated annualized revenue and our share of joint venture annualized revenue. In addition, three borrowers each accounted for more than 10.0% of the revenue earned on structured finance investments at December 31, 2003.

Employees

At December 31, 2003, we employed approximately 629 employees, over 102 of whom were managers and professionals, approximately 493 of whom were hourly paid employees involved in building operations and approximately 34 of whom were clerical, data processing and other administrative employees. There are currently three collective bargaining agreements which cover the workforce that services substantially all of our properties.

Acquisitions

During 2003, we acquired three wholly-owned properties, namely 220 East 42nd Street, condominium interests at 125 Broad Street and 461 Fifth Avenue, for an aggregate gross purchase price of $417.9 million encompassing 1.9 million rentable square feet. In addition, we acquired a 45% interest in 1221 Avenue of the Americas for a gross purchase price of $450.0 million. This property encompasses 2.55 million rentable square feet.

Dispositions

During 2003, we sold 1370 Broadway and 50 West 23rd Street for $123.5 million. We realized total gains of $23.2 million on the sale of these properties which encompassed 588,000 rentable square feet.

Through a joint venture, we sold the 203,000 square foot property located at 321 West 44th Street in December 2003 for $35.0 million. The joint venture realized a gain of approximately $271,000. We held a 35% interest in the joint venture which owned the property. In addition, we recognized a book gain of $3.0 million that had previously been deferred due to our continued involvement with the property.

Offering/Financings

On September 30, 2003, we converted our 4.6 million 8% Preferred Income Equity Redeemable Shares, or PIERS, into 4,698,880 shares of our common stock.

On December 5, 2003, we borrowed $35.0 million on our unsecured term loan, increasing the balance to the $200.0 million outstanding. We executed a serial swap on this $35.0 million with a first year all-in rate of 2.95% through December 4, 2004, and a blended all-in rate of 5.01% through a final maturity date in June 2008.

On December 9, 2003, we completed a $210.0 million 10-year mortgage refinancing of the property located at 220 East 42nd Street, also known as the News Building. The mortgage bears interest at a fixed rate of 5.23% per annum. The financing proceeds were used to pay off the existing $158.0 million first mortgage on the property. Excess proceeds were used to reduce the outstanding balance on our unsecured revolving credit facility.

On December 12, 2003, we completed a public offering of 6.3 million shares of our 7.625% Series C cumulative redeemable preferred stock, or Series C preferred stock, with net proceeds totaling approximately $152.0 million. The shares of Series C preferred stock have a liquidation preference of $25 per share and will be redeemable at par at our option on or after December 12, 2008. We used a portion of the net proceeds to partially fund the year-end acquisition of 1221 Avenue of the Americas.

On December 29, 2003, we closed on a $100.0 million 5-year term loan. The financing was led by Wells Fargo Bank and has a floating rate of 150 basis points over the current LIBOR rate. The proceeds were used to partially fund the acquisition of our interest in 1221 Avenue of the Americas.

On December 8, 2003, the Company declared a dividend distribution of $0.50 per common share for the fourth quarter 2003, representing an annual increase of $0.14 per common share, or a 7.5% increase on an annualized basis. This distribution reflects the regular quarterly dividend, which is the equivalent of an annualized distribution of $2.00 per common share.

On January 16, 2004, we sold 1.8 million shares of our common stock under our shelf registration statement. The net proceeds from this offering ($73.9 million) were used to pay down our unsecured revolving credit facility.

Recent Developments

On January 5, 2004, Marc Holliday was promoted to chief executive officer of our company. Mr. Holliday, 37, joined us in 1998 as chief investment officer and remains president, a post he has held since 2001. Stephen L. Green, our founder and prior chief executive officer, will continue in his position as

chairman of the board of directors and will be a full-time executive officer of our company. In connection with Mr. Holliday's promotion to chief executive officer, we have amended his employment agreement to extend it through January 2010. Pursuant to the amended employment agreement, Mr. Holliday will receive an additional 270,000 restricted shares of our common stock plus a 40% gross-up for income taxes. 95,000 of the restricted shares will vest immediately and be non-transferable for a period of two years. The balance of the restricted shares will vest over the remaining term of the employment agreement subject to achieving certain time and performance criteria.

On February 3, 2004, Gregory F. Hughes was appointed chief financial officer of our company. Mr. Hughes succeeded Thomas E. Wirth, who will remain with us until at least April 30, 2004 to assist with the transition. We also announced that Michael W. Reid, our chief operating officer, will leave our company effective April 30, 2004 to pursue a business venture.

In January 2004, we funded $77.5 million of structured finance investments. Also in January, a $14.9 million investment was redeemed.

On January 16, 2004, we entered into a $65.0 million serial swap on a portion of our unsecured term loan commencing August 2005, with an initial 12-month rate of 3.30% and an all-in blended rate of 5.45%.

On February 27, 2004, we entered into an agreement to acquire the property located at 19 West 44th Street for $67.0 million, including the assumption of a $47.5 million mortgage, with the potential for up to an additional $2.0 million in consideration based on property performance. We currently hold a $7.0 million preferred equity investment in the property which will be redeemed at the closing. We expect that this acquisition, which is subject to customary closing conditions, will close in March 2004.

Forward-Looking Statements May Prove Inaccurate

This document and the documents that are incorporated by reference herein contain forward-looking statements that are subject to risks and uncertainties. Forward-looking statements include information concerning possible or assumed future results of our operations, including any forecasts, projections and plans and objectives for future operations. You can identify forward-looking statements by the use of forward-looking expressions such as "may," "will," "should," "expect," "believe," "anticipate," "estimate," "intend," "project," or "continue" or any negative or other variations on such expressions. Many factors could affect our actual financial results, and could cause actual results to differ materially from those in the forward-looking statements. These factors include, among others, the following:

- general economic or business conditions, either nationally or in New York City, being less favorable than expected;
- reduced demand for office space;
- risks of real estate acquisitions;
- risks of structured finance investments;
- availability and creditworthiness of prospective tenants;
- adverse changes in the real estate markets, including increasing vacancy, decreasing rental revenue and increasing insurance costs;
- availability of capital (debt and equity);
- unanticipated increases in financing and other costs, including a rise in interest rates;
- market interest rates could adversely affect the market price of our common stock, as well as our performance and cash flows;
- our ability to satisfy complex rules in order for us to qualify as a REIT, for federal income tax purposes, our Operating Partnership's ability to satisfy the rules in order for it to qualify as a partnership for federal income tax purposes, the ability of certain of our subsidiaries to qualify as REITs and certain of our subsidiaries to qualify as taxable REIT subsidiaries for federal income tax purposes and our ability and the ability of our subsidiaries to operate effectively within the limitations imposed by these rules;
- competition with other companies;
- the continuing threat of terrorist attacks on the national, regional and local economies including, in particular, the New York City area and our tenants;
- legislative or regulatory changes adversely affecting real estate investment trusts and the real estate business; and
- environmental, regulatory and/or safety requirements.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this document might not occur and actual results, performance or achievement could differ materially from that anticipated or implied in the forward-looking statements.

ITEM 2. PROPERTIES

The Portfolio

General

As of December 31, 2003, we wholly-owned interests in 20 office properties encompassing approximately 8.2 million rentable square feet located primarily in midtown Manhattan. Certain of these properties include at least a small amount of retail space on the lower floors, as well as basement/storage space. As of December 31, 2003, our portfolio also included ownership interests in six unconsolidated joint ventures which own six office properties located in Manhattan, encompassing approximately 7.0 million rentable square feet.

The following table sets forth certain information with respect to each of the Manhattan properties in the portfolio as of December 31, 2003:

Property Wholly-Owned	Year Built/ Renovated	Sub-market	Approximate Rentable Square Feet	Percentage of Portfolio Rentable Square Feet (%)	Percent Leased (%)	Annualized Rent (1)	Percentage of Portfolio Annualized Rent (%) (2)	Number of Tenants	Annualized Rent Per Leased Square Foot (3)	Annualized Net Effective Rent Per Leased Square Foot (4)
673 First Avenue (6)	1928/1990	Grand Central So.	422,000	2.8	99.8	$ 14,162,244	3.5	16	$ 33.20	$ 22.86
470 Park Avenue South (5)	1912/1994	Park Avenue So.	260,000	1.7	85.7	7,859,160	1.9	25	$ 32.97	$ 23.74
70 West 36th Street	1923/1994	Times Square So.	151,000	1.0	96.8	4,079,484	1.0	31	$ 27.21	$ 22.48
1414 Ave. of Americas	1923/1998	Rockefeller Center	111,000	0.7	94.3	4,486,728	1.1	21	$ 39.94	$ 47.92
1372 Broadway	1914/1998	Times Square So.	508,000	3.4	99.5	16,112,808	3.9	27	$ 30.35	$ 29.55
1140 Ave. of Americas	1926/1998	Rockefeller Center	191,000	1.3	96.0	7,915,764	1.9	23	$ 40.82	$ 33.31
110 East 42nd Street	1921/	Grand Central No.	181,000	1.2	85.8	6,055,260	1.5	26	$ 36.35	$ 28.29
17 Battery Place North	1972	World Trade/Battery Place	419,000	2.8	100.0	9,463,248	2.3	7	$ 23.76	$ 22.13
1466 Broadway	1907/1982	Times Square	289,000	1.9	89.4	10,301,472	2.5	97	$ 42.11	$ 28.18
420 Lexington Avenue (7)	1927/1999	Grand Central No.	1,188,000	7.9	94.1	48,469,512	11.8	266	$ 43.16	$ 34.86
440 Ninth Avenue	1927/1989	Times Square So.	339,000	2.2	100.0	10,197,972	2.5	15	$ 27.82	$ 23.40
711 Third Avenue (6) (8)	1955/	Grand Central No.	524,000	3.5	99.8	20,685,396	5.0	19	$ 37.76	$ 31.64
555 West 57th Street (6)	1971/	Midtown West	941,000	6.2	99.8	22,365,768	5.5	20	$ 23.07	$ 20.57
286 Madison Avenue	1918/1997	Grand Central So.	112,000	0.7	89.1	3,267,768	0.8	37	$ 35.14	$ 25.31
290 Madison Avenue	1952/	Grand Central So.	37,000	0.2	100.0	1,456,164	0.4	4	$ 38.23	$ 37.73
292 Madison Avenue	1923/	Grand Central So.	187,000	1.2	88.7	6,559,740	1.6	17	$ 40.97	$ 32.39
317 Madison Avenue	1920/	Grand Central	450,000	3.0	90.4	13,318,236	3.3	98	$ 35.02	$ 26.44
220 East 42nd Street	1929/	Grand Central East	1,135,000	7.5	94.5	35,572,822	8.7	42	$ 33.58	$ 31.88
461 Fifth Avenue (9)	1988/	Grand Central	200,000	1.3	93.9	11,261,760	2.6	19	$ 59.12	$ 55.17
125 Broad Street (9)	1968/1997	Downtown East	525,000	3.5	100.0	16,185,024	4.0	5	$ 30.85	$ 29.50
Total/Weighted average wholly-owned (10)			8,170,000	54.2	95.8	$ 269,776,330	65.8	815	$ 34.09	$ 30.49
Joint Ventures										
1250 Broadway (6) (11)	1968/	Penn Station	670,000	4.4	91.9	$ 19,459,632	2.6	28	$ 30.66	$ 25.97
100 Park Avenue (12)	1950	Grand Central So.	834,000	5.5	97.6	31,866,474	3.9	39	$ 39.61	$ 33.85
180 Madison Avenue (12)	1926/	Grand Central So.	265,000	1.8	85.6	7,621,008	0.9	50	$ 34.34	$ 23.82
1515 Broadway (6) (11)	1972/	Times Square	1,750,000	11.6	96.2	64,986,516	8.7	15	$ 39.54	$ 31.61
One Park Avenue (13)	1925/1986	Grand Central So.	913,000	6.1	91.1	32,935,152	4.4	16	$ 38.04	$ 36.52
1221 Ave. of Americas (14)	1971/1997	Rockefeller Center	2,550,000	16.4	98.8	123,568,632	13.7	24	$ 50.63	$ 50.03
Total/Weighted average joint ventures (15)			6,982,000	45.8	95.8	$ 280,437,414	34.2	172	$ 42.42	$ 38.27
Grand Total/ Weighted average portfolio			15,152,000	100.0	95.8	$ 550,213,744	—	987	$ 37.55	$ 34.06
Grand Total/ our share of annualized rent						$ 409,646,183	100.0			

(1) Annualized Rent represents the monthly contractual rent under existing leases as of December 31, 2003 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2003 for the 12 months ending December 31, 2004 are approximately $3,061,000 for our wholly-owned properties and $774,000 for our joint venture properties.

(2) Includes our share of unconsolidated joint venture annualized rent calculated on a consistent basis.

(3) Annualized Rent Per Leased Square Foot represents Annualized Rent, as described in footnote (1) above, presented on a per leased square foot basis.

(4) Annual Net Effective Rent Per Leased Square Foot represents (a) for leases in effect at the time an interest in the relevant property was first acquired by us, the remaining lease payments under the lease from the acquisition date (excluding operating expense pass-throughs, if any) divided by the number of months remaining under the lease multiplied by 12 and (b) for leases entered into after an interest in the relevant property was first acquired by us, all lease payments under the lease (excluding operating expense pass-throughs, if any) divided by the number of months in the lease multiplied by 12, and, in the case of both (a) and (b), minus tenant improvement costs and leasing commissions, if any, paid or payable by us and presented on a per leased

square foot basis. Annual Net Effective Rent Per Leased Square Foot includes future contractual increases in rental payments and therefore, in certain cases, may exceed Annualized Rent Per Leased Square Foot.

(5) 470 Park Avenue South is comprised of two buildings, 468 Park Avenue South (a 17-story office building) and 470 Park Avenue South (a 12-story office building).

(6) Includes a parking garage.

(7) We hold an operating sublease interest in the land and improvements.

(8) We hold a leasehold mortgage interest, a net sub-leasehold interest and a co-tenancy interest in this property.

(9) We hold a leasehold interest in this property.

(10) Includes approximately 7,348,000 square feet of rentable office space, 710,000 square feet of rentable retail space and 112,000 square feet of garage space.

(11) We own a 55% interest in this joint venture.

(12) We own a 49.9% interest in this joint venture.

(13) We own a 55% interest in this joint venture which acquired various ownership and mortgage interests in this property.

(14) We own a 45% interest in this joint venture. We do not manage this property.

(15) Includes approximately 6,117,000 square feet of rentable office space, 744,000 square feet of rentable retail space and 121,000 square feet of garage space.

Historical Occupancy. We have historically achieved consistently higher occupancy rates in comparison to the overall Midtown markets, as shown over the last five years in the following table:

	Percent of Portfolio Leased (1)	Occupancy Rate of Class A Office Properties In The Midtown Markets (2) (3)	Occupancy Rate of Class B Office Properties in the Midtown Markets (2) (3)
December 31, 2003	96%	92%	90%
December 31, 2002	97%	94%	89%
December 31, 2001	97%	96%	92%
December 31, 2000	99%	98%	96%
December 31, 1999	97%	96%	93%

(1) Includes space for leases that were executed as of the relevant date in our wholly-owned and joint venture properties owned by us as of that date.

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

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

Lease Expirations

Leases in our portfolio, as at many other Manhattan office properties, typically extend for a term of seven to ten years, compared to typical lease terms of five to ten years in other large U.S. office markets. For the five years ending December 31, 2008, the average annual rollover at our wholly-owned properties and joint venture properties is approximately 555,000 square feet and 425,000 square feet, respectively, representing an average annual expiration rate of 6.9% and 6.4% respectively, per year (assuming no tenants exercise renewal or cancellation options and there are no tenant bankruptcies or other tenant defaults).

The following tables set forth a schedule of the annual lease expirations at our wholly-owned properties and joint venture properties, respectively, with respect to leases in place as of December 31, 2003 for each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

Wholly-Owned Properties Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet (%)	Annualized Rent of Expiring Leases (1)	Annualized Rent Per Leased Square Foot of Expiring Leases (2)
2004 (3)	164	630,595	7.97	$ 23,057,844	$ 36.57
2005	140	559,916	7.07	20,343,768	36.33
2006	105	598,253	7.56	19,566,372	32.71

2007	84	356,838	4.51	13,117,620	36.76
2008	99	629,605	7.96	22,246,872	35.33
2009	41	611,281	7.72	21,559,608	35.27
2010	65	1,521,466	19.22	50,836,704	33.41
2011	25	316,272	4.00	14,187,228	44.86
2012	26	753,243	9.52	18,623,076	24.72
2013 & thereafter	83	1,937,070	24.47	66,237,238	34.19
Total/weighted average	832	7,914,539	100.00	$ 269,776,330	$ 34.09

(1) Annualized Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2003 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2003 for the 12 months ending December 31, 2004 are approximately $3,061,000 for the properties.

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

(3) Includes 104,991 square feet of month-to-month holdover tenants whose leases expired prior to December 31, 2003.

Joint Venture Properties Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet (%)	Annualized Rent of Expiring Leases (1)	Annualized Rent Per Leased Square Foot of Expiring Leases (2)
2004 (3)	31	247,445	3.74	$ 9,514,758	$ 38.46
2005	27	486,973	7.37	16,591,548	34.07
2006	26	388,081	5.87	11,488,392	29.60
2007	13	460,271	6.96	24,269,328	52.73
2008	20	540,364	8.17	21,185,940	39.21
2009	21	631,217	9.55	26,949,480	42.69
2010	16	1,297,951	19.63	54,573,132	42.05
2011	6	165,256	2.50	6,782,352	41.04
2012	8	358,561	5.42	5,386,008	15.02
2013 & thereafter	23	2,035,256	30.78	103,696,476	50.95
Total/weighted average	191	6,611,375	100.00	$ 280,437,414	$ 42.42

(1) Annualized Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2003 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2003 for the 12 months ending December 31, 2004 are approximately $774,000 for the joint venture properties.

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

(3) Includes 73,695 square feet of month-to-month holdover tenants whose leases expired prior to December 31, 2003.

Tenant Diversification

Our portfolio is currently leased to approximately 987 tenants, which are engaged in a variety of businesses, including professional services, financial services, media, apparel, business services and government/non-profit. The following table sets forth information regarding the leases with respect to the 25 largest tenants in our portfolio, based on the amount of square footage leased by our tenants as of December 31, 2003:

Tenant (1)	Properties	Remaining Lease Term in Months (2)	Total Leased Square Feet	Percentage of Aggregate Portfolio Leased Square Feet (%)	Percentage of Aggregate Portfolio Annualized Rent (%)
Viacom International Inc.	1515 Broadway	116	1,277,895	8.48	7.78
Morgan Stanley & Co., Inc.	1221 Sixth Avenue	130	496,249	3.29	3.40
Societe Generale	1221 Sixth Avenue	129	486,662	3.23	2.57
The McGraw Hill Companies	1221 Sixth Avenue	195	443,399	2.94	2.10
Omnicom Group	220 East 42nd Street	160	419,111	2.78	3.16
Salomon Smith Barney	125 Broad Street	77	330,900	2.20	2.48
Visiting Nurse Services	1250 Broadway	104	264,331	1.75	0.97
City of New York, fka Dept. of Citywide	17 Battery Place	108	249,854	1.66	1.39

Admin Services					
BMW of Manhattan, Inc.	555 West 57th St.	115	227,782	1.51	0.90
CBS, Inc.	555 West 57th St.	120	188,583	1.25	0.96
Altria Corp. Services fka Phillip Morris	100 Park Avenue	48	175,887	1.17	0.91
The Columbia House Co.	1221 Sixth Avenue	49	175,312	1.16	0.89
City University of NY-CUNY	555 West 57th St.	133	171,733	1.14	1.25
J&W Seligman & Co., Inc.	100 Park Avenue	71	168,390	1.12	0.70
Segal Company	One Park Avenue	72	157,947	1.05	0.82
Sonnenschein, Nath & Rosenthal	1221 Sixth Avenue	169	147,997	0.98	0.76
Mt. Sinai Hospital & NYU Hospital Centers	One Park Avenue	134	140,600	0.93	0.69
MTA	420 Lexington Ave.	145	134,687	0.89	1.00
Tribune Newspaper/WQCD/WPIX	220 East 42nd Street	75	134,208	0.89	0.96
St. Luke's Roosevelt Hospital Ctr.	555 West 57th St.	126	134,150	0.89	0.85
Ross Stores, Inc.	1372 Broadway	77	126,001	0.84	0.87
JP Morgan Chase Bank	1221 Sixth Avenue	72	103,991	0.69	0.70
Fahnestock & Co., Inc.	125 Broad Street	117	103,566	0.69	0.75
Minskoff/Nederlander JV	1515 Broadway	245	102,452	0.68	0.03
Ketchum, Inc.	711 Third Avenue	143	100,876	0.67	1.07
Total Weighted Average (3)			6,462,563	42.88	37.96

(1) This list is not intended to be representative of our tenants as a whole.

(2) Lease term from December 31, 2003 until the date of the last expiring lease for tenants with multiple leases.

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

420 Lexington Avenue (The Graybar Building)

We purchased the tenant's interest in the operating sublease, or the Graybar operating sublease, at 420 Lexington Avenue, also known as the Graybar Building, in March 1998. This 31-story office property sits at the foot of Grand Central Terminal in the Grand Central North sub-market of the midtown Manhattan office market. The Graybar Building was designed by Sloan and Robertson and completed in 1927. The building takes its name from its original owner, the Graybar Electric Company. The Graybar Building contains approximately 1.2 million rentable square feet (including approximately 1,133,000 square feet of office space, and 60,000 square feet of mezzanine and retail space), with floor plates ranging from 17,000 square feet to 50,000 square feet. We restored the grandeur of this building through the implementation of an $11.9 million capital improvement program geared toward certain cosmetic upgrades, including a new entrance and storefronts, new lobby, elevator cabs and elevator lobbies and corridors.

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

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

Fee title to the building and the land parcel is owned by an unaffiliated third party, who also owns the landlord's interest under the operating lease through which we hold our interest in this property. This operating lease which expires December 31, 2008 is subject to renewal by us through December 31, 2029, or the Graybar ground lease. We control the exercise of this renewal option through the terms of subordinate leases which have corresponding renewal option terms and control provisions and which culminate in the Graybar operating sublease. An unaffiliated third-party owns the landlord's interest in the Graybar operating sublease.

The Graybar Building is our largest wholly-owned property. It contributes Annualized Rent of approximately $48.5 million, or 11.8% of our portfolio's Annualized Rent at December 31, 2003.

As of December 31, 2003, 94.1% of the rentable square footage in the Graybar Building was leased. The following table sets forth certain information with respect to this property:

Year-End	Percent Leased	Annualized Rent per Leased Square Foot
2003	94%	$ 43.16
2002	95%	37.52
2001	95%	33.48
2000	100%	32.81
1999	97%	29.63

As of December 31, 2003, the Graybar Building was leased to 266 tenants operating in various industries, including legal services, financial services and advertising. One tenant occupied approximately 11.3% of the rentable square footage at this property and accounted for approximately 8.5% of this property's Annualized Rent. The next largest tenant occupied approximately 6.3% of the rentable square footage at this property and accounted for approximately 5.9% of this property's Annualized Rent.

The following table sets out a schedule of the annual lease expirations at the Graybar Building for leases executed as of December 31, 2003 with respect to each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet (%)	Annualized Rent of Expiring Leases (1)	Annualized Rent Per Leased Square Foot of Expiring Leases (2)
2004 (3)	45	74,767	6.7	$ 2,938,812	$ 39.31
2005	43	109,153	9.7	4,406,232	40.37
2006	32	86,981	7.7	3,483,900	40.05
2007	39	98,226	8.7	3,898,596	39.69
2008	46	177,156	15.8	7,201,824	40.65
2009	10	112,270	10.0	4,436,520	39.52
2010	16	112,203	10.0	4,944,036	44.06
2011	9	96,197	8.6	3,761,580	39.10
22012	4	26,716	2.4	1,070,400	40.07
2013 & thereafter	25	229,222	20.4	12,327,612	53.78
Subtotal/Weighted average	269	1,122,891	100.0	$ 48,469,512	$ 43.16

(1) Annualized Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2003 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2003 for the 12 months ending December 31, 2004 are approximately $345,000 for this property.

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

(3) Includes 14,800 square feet of month-to-month holdover tenants whose leases expired prior to December 31, 2003.

The aggregate undepreciated tax basis of depreciable real property at the Graybar Building for Federal income tax purposes was $156.8 million as of December 31, 2003. Depreciation and amortization are computed for Federal income tax purposes on the straight-line method over lives which range up to 39 years.

The current real estate tax rate for all Manhattan office properties is $11.431 per $100 of assessed value. The total annual tax for the Graybar Building at this rate, including the applicable BID tax for the 2003/2004 tax year, is $8.6 million (at a taxable assessed value of $70.2 million).

220 East 42nd Street

We acquired the 1.1 million square foot office property located at 220 East 42nd Street, Manhattan, known as The News Building, for a purchase price of approximately $265.0 million in February 2003. This property located in the Grand Central and United Nations submarket.

The News Building is our second largest wholly-owned property. It contributes Annualized Rent of approximately $35.6 million, or 8.7% of our portfolio's Annualized Rent at December 31, 2003.

As of December 31, 2003, 94.5% of the rentable square footage in The News Building was leased and had an annualized rent per leased square foot of $33.58.

As of December 31, 2003, The News Building was leased to 42 tenants operating in various industries, including legal services, financial services and advertising. One tenant occupied approximately 36.9% of the rentable square footage at this property and accounted for approximately 36.4% of this property's Annualized Rent. The next largest tenant occupied approximately 11.8% of the rentable square footage at this property and accounted for approximately 11.1% of this property's Annualized Rent. The third largest tenant occupied approximately 8.0% of the rentable square footage at this property and accounted for approximately 11.4% of this property's Annualized Rent.

The following table sets out a schedule of the annual lease expirations at The News Building for leases executed as of December 31, 2003 with respect to each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet (%)	Annualized Rent of Expiring Leases (1)	Annualized Rent Per Leased Square Foot of Expiring Leases (2)
2004 (3)	3	4,463	0.4	$ 219,408	$ 49.16
2005	4	57,075	5.4	1,645,968	28.84

2006	2	84,804	8.0	2,382,048	28.09
2007	5	15,836	1.5	729,600	46.07
2008	3	79,596	7.5	2,186,088	27.46
2009	1	61,297	5.8	2,271,024	37.05
2010	8	251,141	23.7	9,012,492	35.89
2011	—	—	—	—	—
2012	4	14,427	1.4	684,084	47.42
2013 & thereafter	15	490,734	46.3	16,442,110	33.51
Subtotal/Weighted average	45	1,059,373	100.0	$ 35,572,822	$ 33.58

(1) Annualized Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2003 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2003 for the 12 months ending December 31, 2004 are approximately $132,000 for this property.

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

(3) Includes 2,000 square feet of month-to-month holdover tenants whose leases expired prior to December 31, 2003.

The aggregate undepreciated tax basis of depreciable real property at The News Building for Federal income tax purposes was $237.9 million as of December 31, 2003. Depreciation and amortization are computed for Federal income tax purposes on the straight-line method over lives which range up to 39 years.

The current real estate tax rate for all Manhattan office properties is $11.431 per $100 of assessed value. The total annual tax for The News Building at this rate, including the applicable BID tax for the 2003/2004 tax year, is $6.9 million (at a taxable assessed value of $58.4 million).

Environmental Matters

We engaged independent environmental consulting firms to perform Phase I environmental site assessments on our portfolio, in order to assess existing environmental conditions. All of the Phase I assessments met the ASTM Standard. Under the ASTM Standard, a Phase I environmental site assessment consists of a site visit, an historical record review, a review of regulatory agency data bases and records, and interviews with on-site personnel, with the purpose of identifying potential environmental concerns associated with real estate. These environmental site assessments did not reveal any known environmental liability that we believe will have a material adverse effect on our results of operations or financial condition.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2003, we were not involved in any material litigation nor, to management's knowledge, is any material litigation threatened against us or our portfolio other than routine litigation arising in the ordinary course of business or litigation that is adequately covered by insurance.

On October 24, 2001, an accident occurred at 215 Park Avenue South, a property which we manage, but do not own. Personal injury and wrongful death claims were filed against us and others by 11 persons. We believe 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.

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

No matters were submitted to a vote of our stockholders during the fourth quarter ended December 31, 2003.

PART II

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

Our common stock began trading on the New York Stock Exchange ("NYSE") on August 15, 1997 under the symbol "SLG." On February 27, 2004, the reported closing sale price per share of common stock on the NYSE was $44.00 and there were approximately 110 holders of record of our common stock. The table below sets forth the quarterly high and low closing sales prices of the common stock on the NYSE and the distributions paid by us with respect to the periods indicated.

	2003			2002		
Quarter Ended	High	Low	Dividends	High	Low	Dividends
March 31	$ 31.95	$ 29.05	$ 0.4650	$ 33.60	$ 30.40	$ 0.4425
June 30	$ 36.00	$ 31.47	$ 0.4650	$ 36.50	$ 33.60	$ 0.4425
September 30	$ 37.42	$ 34.52	$ 0.4650	$ 35.40	$ 29.23	$ 0.4425
December 31	$ 41.05	$ 36.12	$ 0.5000	$ 31.87	$ 27.65	$ 0.4650

If dividends are declared in a quarter, those dividends will be paid during the subsequent quarter. See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations – Dividends" for additional information regarding our dividends.

UNITS

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.

On May 15, 2002, the Operating Partnership issued 28,786 units of limited partnership interest in connection with the acquisition of 1515 Broadway.

At December 31, 2003 there were 2,305,955 units of limited partnership interest of the Operating Partnership outstanding. These units received distributions per unit in the same manner as dividends per share were distributed to common stockholders.

SALE OF UNREGISTERED AND REGISTERED SECURITIES

We issued 211,750, 17,500 and 165,500 shares of our common stock in 2003, 2002 and 2001, respectively, for deferred stock-based compensation in connection with employment contracts. These transactions were not registered under the Securities Act of 1933, pursuant to the exemption contemplated by Section 4(2) thereof for transactions not involving a public offering.

See Notes 15 and 17 to Consolidated Financial Statements in Item 8 for a description of our stock option plan and other compensation arrangements.

On July 25, 2001, we sold 5,000,000 shares of common stock under our shelf registration statement. The net proceeds from this offering ($148.4 million) were used to pay down our unsecured revolving credit facility.

On September 30, 2003, we converted our 4,600,000 8% PIERS into 4,698,880 shares of our common stock.

On December 12, 2003, we sold 6,300,000 shares of preferred stock under our self-registration statement. A portion of the net proceeds from this offering ($152.0 million) were used to pay down our secured and unsecured revolving credit facilities.

On January 16, 2004, we sold 1,800,000 shares of our common stock under our shelf registration statement. The net proceeds from this offering ($73.9 million) were used to pay down our unsecured revolving credit facility.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected financial data and should be read in conjunction with our Financial Statements and notes thereto included in Item 8, “Financial Statements and Supplementary Data” and Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Form 10-K.

In connection with this Annual Report on Form 10-K, we are restating our historical audited consolidated financial statements as a result of Statement of Financial Accounting Standards No. 144, or SFAS 144, “Accounting for the Impairment or Disposal of Long-Lived Assets”. During 2003, we classified two properties as held for sale and, in compliance with SFAS 144, have reported revenue and expenses from these properties as discontinued operations, net of minority interest, for each period presented in our Annual Report on Form 10-K. This reclassification had no effect on our reported net income or funds from operations.

We are also providing updated summary selected financial information, which is included below reflecting the prior period reclassification as discontinued operations of the property classified as held for sale during 2003.

	Year Ended December 31,				
Operating Data	**2003**	**2002**	**2001**	**2000**	**1999**
(In thousands, except per share data)					
Total revenue	$ 308,957	$ 236,957	$ 240,768	$ 221,830	$ 198,859
Property operating expenses	80,460	56,172	55,290	53,322	48,234
Real estate taxes	44,524	28,287	28,806	27,772	28,137
Ground rent	13,562	12,637	12,579	12,660	12,754
Interest	45,493	35,421	43,869	39,167	28,038
Depreciation and amortization	47,282	37,600	35,845	31,360	26,380
Marketing, general and administration	17,131	13,282	15,374	11,561	10,922
Total expenses	248,452	183,399	191,763	175,842	154,465
Income from continuing operations before items	60,505	53,558	49,005	45,988	44,394
Equity in net (loss) income from affiliates	(196)	292	(1,054)	378	730
Equity in net income of unconsolidated joint ventures	14,870	18,383	8,607	3,108	377
Income before minority interest and gain on sales	75,179	72,233	56,558	49,474	45,501
Minority interest	(4,624)	(4,286)	(4,084)	(7,186)	(4,895)
Income before gains on sale and cumulative effect of accounting charge	70,555	67,947	52,474	42,288	40,606
Gain on sale of properties/preferred investments	3,087	—	4,956	41,416	—
Cumulative effect of change in accounting principle	—	—	(532)	—	—
Income from continuing operations	73,642	67,947	56,898	83,704	40,606
Discontinued operations (net of minority interest)	24,517	6,384	6,103	2,513	2,250
Net income	98,159	74,331	63,001	86,217	42,856
Preferred dividends and accretion	(7,712)	(9,690)	(9,658)	(9,626)	(9,598)
Income available to common shareholders	$ 90,447	$ 64,641	$ 53,343	$ 76,591	$ 33,258
Net income per common share – Basic	$ 2.80	$ 2.14	$ 1.98	$ 3.14	$ 1.37

Net income per common share – Diluted	$ 2.66	$ 2.09	$ 1.94	$ 2.93	$ 1.37
Cash dividends declared per common share	$ 1.895	$ 1.7925	$ 1.605	$ 1.475	$ 1.41
Basic weighted average common shares outstanding	32,265	30,236	26,993	24,373	24,192
Diluted weighted average common shares and common share equivalents outstanding	38,970	37,786	29,808	31,818	26,680

Balance Sheet Data

(In thousands)	As of December 31, 2003	2002	2001	2000	1999
Commercial real estate, before accumulated depreciation	$ 1,346,431	$ 975,777	$ 984,375	$ 895,810	$ 908,866
Total assets	2,261,841	1,473,170	1,371,577	1,161,154	1,071,242
Mortgages and notes payable, revolving credit facilities and term loans	1,119,449	541,503	504,831	460,716	435,693
Minority interests	54,791	44,718	46,430	43,326	41,494
Preferred Income Equity Redeemable Shares SM	—	111,721	111,231	110,774	110,348
Stockholders' equity	950,782	626,645	612,908	455,073	406,104

Other Data

(In thousands)	Year Ended December 31, 2003	2002	2001	2000	1999
Funds from operations after distributions to preferred shareholders (1)	$ 128,781	$ 116,230	$ 94,416	$ 74,698	$ 61,656
Funds from operations before distributions to preferred shareholders (1)	135,474	125,430	103,616	83,898	70,856
Net cash provided by operating activities	78,250	101,948	80,588	53,806	48,013
Net cash used in investment activities	(491,369)	(52,328)	(420,061)	(38,699)	(228,678)
Net cash provided by (used in) financing activities	393,645	(4,793)	341,873	(25,875)	195,990

(1) The revised White Paper on Funds from Operations, or FFO, approved by the Board of Governors of NAREIT in October 1999 defines FFO as net income (loss) (computed in accordance with generally accepted accounting principles, or 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 REITs 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.

A reconciliation of FFO to net income computed in accordance with GAAP is provided under the heading of "Management's Discussion and Analysis of Financial Condition and Results of Operations – Funds From Operations."

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

Overview

SL Green Realty Corp., or the Company, a Maryland corporation, and SL Green Operating Partnership, L.P., or 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 in Item 8 of this Annual Report on Form 10-K.

2003 proved to be a year of transition. The national economy began to recover after over two years of a difficult recession. New York City witnessed an increase in overall business activity and a reduction in what had become significant budget deficits. Securities firms began limited hiring and the City's unemployment rates, which were above national averages, began to decline. This improvement in the economic environment had a modestly positive impact on office space demand. Vacancy rates stabilized as the supply of sublease space began to shrink. Landlords should benefit from a moderation in property insurance costs. Additionally, real estate tax increases are expected to moderate.

The Midtown office market appears to have bottomed with an overall vacancy of approximately 12%. Overall rents and tenant concession packages appear to be stabilizing. Midtown continues to benefit from the absence of new construction. In 2003, no major project was completed in the approximately 231 million square foot Midtown market. In this environment we registered 2003 year-end occupancy of 95.8% versus 96.9% at the end of 2002. Additionally, new

cash rents on previously occupied space by new tenants at our Same-Store Properties was 6.5% higher than the previous cash rent paid by the old tenant for the same space. In 2004, we expect vacancy rates in Midtown will gradually decline as office space demand increases in response to a recovering economy. We do not expect to see any meaningful increase in rents during 2004. Tenant concession packages should remain stable. Additionally, in order for us to maintain our current occupancy levels, we believe that ongoing capital improvements to the common areas and physical infrastructures will be required at our properties.

The acquisition market continues to witness record prices in heated auctions. During 2003, approximately $9.1 billion of real estate acquisitions closed at an average rate of $346 per square foot. Much of the activity was fueled by continued strong investor interest in midtown Manhattan and historically low borrowing costs. Despite this environment, we purchased $867.9 million of properties in four separate real estate transactions at a blended rate of $323 per square foot. These acquisitions included 220 East 42nd Street for $265.0 million, condominium interests in 125 Broad Street for $92.0 million, 461 Fifth Avenue for $60.9 million and a 45% interest in 1221 Avenue of the Americas for $450.0 million.

As of December 31, 2003, our wholly-owned properties consisted of 20 commercial properties encompassing approximately 8.2 million rentable square feet located primarily in midtown Manhattan, a borough of New York City, or Manhattan. As of December 31, 2003, the weighted average occupancy (total leased square feet divided by total available square feet) of the wholly-owned properties was 95.8%. Our portfolio also includes ownership interests in unconsolidated joint ventures, which own six commercial properties in Manhattan, encompassing approximately 6.9 million rentable square feet, and which had a weighted average occupancy of 95.8% as of December 31, 2003. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

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 or sales price, 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 rental properties or structured finance investments was impaired at December 31, 2003 and 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, whose collection is expected, 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 structured finance investments 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.

Reserve for Possible Credit Losses

The expense 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 December 31, 2003 or 2002.

Derivative Instruments

In the normal course of business, we use a variety of derivative instruments to manage, or hedge, interest rate risk. We require that hedging derivative instruments be 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 year ended December 31, 2003 to the year ended December 31, 2002

The following comparison for the year ended December 31, 2003, or 2003, to the year ended December 31, 2002, or 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 December 31, 2003 and total 17 of our 20 wholly-owned properties, representing approximately 80% 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), 125 Broad Street (March 2003) and 461 Fifth Avenue (October 2003), and (iii) "Other," which represents corporate level items not allocable to specific properties and eEmerge. Assets classified as held for sale, namely 50 West 23rd Street, 1370 Broadway and 875 Bridgeport Avenue, Shelton, CT, are excluded from the following discussion.

Rental Revenues (in millions)	2003	2002	$ Change	% Change
Rental revenue	**$ 233.0**	$ 179.5	$ 53.5	29.8%
Escalation and reimbursement revenue	**42.2**	27.2	15.0	55.2
Signage revenue	**1.0**	1.5	(0.5)	(33.3)
Total	**$ 276.2**	$ 208.2	$ 68.0	32.7%
Same-Store Properties	**$ 223.2**	$ 208.6	$ 14.6	7.0%
2003 Acquisitions	**50.6**	—	50.6	—
Other	**2.4**	(0.4)	2.8	700.0
Total	**$ 276.2**	$ 208.2	$ 68.0	32.7%

Despite a decrease in occupancy in the Same-Store Properties from 96.9% in 2002 to 95.8% in 2003, rental revenue in the Same-Store Properties increased because new cash rents on previously occupied space by new tenants at Same-Store Properties was 6.5% higher than the previously fully escalated rent (i.e., the latest annual rent paid on the same space by the old tenant).

At December 31, 2003, we estimated that the current market rents on our wholly-owned properties were approximately 1.0% higher than then existing in-place fully escalated rents. Approximately 8.0% of the space leased at wholly-owned properties expires during 2004. We believe that occupancy rates will remain relatively flat at the Same-Store Properties in 2004.

The increase in escalation and reimbursement revenue was primarily due to the recoveries at the Same-Store Properties ($9.6 million) and the 2003 Acquisitions ($5.4 million). The increase in recoveries at the Same-Store Properties was due to real estate tax recoveries ($6.9 million), operating expense recoveries ($1.5 million) and electric recoveries ($1.2 million). We recovered approximately 90% of our electric costs at our Same-Store Properties during 2003.

Investment and Other Income (in millions)	2003	2002	$ Change	% Change
Equity in net income of unconsolidated joint ventures	**$ 14.9**	$ 18.4	$ (3.5)	(19.0)%
Investment and preferred equity income	**22.1**	23.2	(1.1)	(4.7)
Other	**10.6**	5.6	5.0	89.3
Total	**$ 47.6**	$ 47.2	$ 0.4	0.9%

The decrease in equity in net income of unconsolidated joint ventures was primarily due to lower occupancy levels in 2003 compared to 2002. Occupancy at our joint venture properties decreased from 97.3% in 2002 to 95.8% in 2003. At December 31, 2003, we estimated that current market rents at our joint venture properties were approximately 14.4% higher than then existing in-place fully escalated rents. Approximately 3.7% of the space leased at our joint venture properties expires during 2004. Our acquisition of a 45% interest in 1221 Avenue of the Americas in late December 2003 is expected to significantly increase our equity in net income of unconsolidated joint ventures in 2004.

The decrease in investment income from structured finance investments primarily represents a decrease in preferred equity income ($3.7 million) as a result of the redemption of the preferred equity investment in 220 East 42nd Street in March 2003. This was partially offset by an increase in investment income from mezzanine transactions ($2.7 million). The weighted average investment balance outstanding and yield were $135.8 million and 11.72%, respectively, for 2003 compared to $160.4 million and 13.1%, respectively, for 2002.

The increase in other income was primarily due to lease buyout income ($0.8 million) and gains from the sale of non-real estate assets ($1.1 million). The balance represents fee income earned by the service corporation ($3.3 million), which was accounted for under the equity method prior to July 1, 2003.

Property Operating Expenses (in millions)	2003	2002	$	%

			Change	Change
Operating expenses (excluding electric)	**$ 61.0**	$ 41.0	$ 20.0	48.8%
Electric costs	**19.5**	15.2	4.3	28.3
Real estate taxes	**44.5**	28.3	16.2	57.2
Ground rent	**13.6**	12.6	1.0	7.9
Total	**$ 138.6**	$ 97.1	$ 41.5	42.7%
Same-Store Properties	**$ 108.2**	$ 93.8	$ 14.4	15.4%
2003 Acquisitions	**24.5**	—	24.5	—
Other	**5.9**	3.3	2.6	78.8
Total	**$ 138.6**	$ 97.1	$ 41.5	42.7%

Same-Store Properties operating expenses, excluding real estate taxes ($8.0 million), increased approximately $6.4 million. There were increases in insurance premiums from policy renewals ($2.4 million), advertising, professional and management costs ($1.3 million), repairs, maintenance and security expenses ($0.4 million) and utility costs ($1.7 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 square footage of wholly-owned properties.

The increase in real estate taxes was primarily attributable to the Same-Store Properties ($8.0 million) due to higher assessed property values and increased tax rates and the 2003 Acquisitions ($8.3 million).

Other Expenses (in millions)	**2003**	**2002**	**$ Change**	**% Change**
Interest expense	**$ 45.5**	$ 35.4	$ 10.1	28.5%
Depreciation and amortization expense	**47.3**	37.6	9.7	25.8
Marketing, general and administrative expenses	**17.1**	13.3	3.8	28.6
Total	**$ 109.9**	$ 86.3	$ 23.6	27.4%

The increase in interest expense was primarily attributable to costs associated with new investment activity ($15.1 million) and the funding of ongoing capital projects and working capital requirements ($0.3 million). This was partially offset by reduced interest costs due to dispositions ($4.4 million) and floating rate debt ($0.5 million), due to the weighted average interest rate decreasing from 6.31% for the year ended December 31, 2002 to 5.66% for the year ended December 31, 2003. As a result of the new investment activity, the weighted average debt balance increased from $555.6 million as of December 31, 2002 to $756.4 million as of December 31, 2003.

Marketing, general and administrative expenses increased primarily as a result of higher compensation awards. Despite this, we have reduced our marketing, general and administrative costs to 5.5% of total revenues in 2003 compared to 5.6% in 2002.

Comparison of the year ended December 31, 2002 to the year ended December 31, 2001

The following comparison for the year ended December 31, 2002 ("2002") to the year ended December 31, 2001 ("2001") makes reference to the following: (i) the effect of the "Same-Store Properties," which represents all properties owned by us at January 1, 2001 and at December 31, 2002 and total 15 of our 19 wholly-owned properties, representing approximately 83% of our annualized rental revenue, (ii) the effect of the "2001 Acquisitions," which represents all properties acquired in 2001, namely, 317 Madison Avenue (June 2001), (iii) the effect of the "2001 Dispositions," which represents all properties disposed of in 2001, namely, 633 Third Avenue (January 2001), One Park Avenue which was contributed to a joint venture (May 2001) and 1412 Broadway (June 2001), and (iv) "Other," which represents corporate level items not allocable to specific properties, eEmerge and assets of which a portion was sold, namely, 110 East 42nd Street. Assets classified as held for sale are excluded from the following discussion.

Rental Revenues (in millions)	**2002**	**2001**	**$ Change**	**% Change**
Rental revenue	$ 179.5	$ 190.0	$ (10.5)	(5.2)%
Escalation and reimbursement revenue	27.2	29.2	(2.0)	(6.9)
Signage revenue	1.5	1.5	—	—
Total	$ 208.2	$ 220.7	$ (12.5)	(5.7)%
Same-Store Properties	$ 186.5	$ 184.3	$ 2.2	1.2%
2001 Acquisitions	15.2	8.0	7.2	90.0
2001 Dispositions	—	21.3	(21.3)	(100.0)
Other	6.5	7.1	(0.6)	(8.5)
Total	$ 208.2	$ 220.7	$ (12.5)	(5.7%)

Rental revenue in the Same-Store Properties was primarily flat despite a decrease in occupancy from 97.4% in 2001 to 97.1% in 2002. The revenue increase is primarily due to annualized rents from replacement rents on previously occupied space at Same-Store Properties being 41.0% higher than previous fully escalated rents.

We estimated that the current market rents on our wholly-owned properties were approximately 6.6% higher than existing in-place fully escalated rents. Approximately 10.2% of the space leased at wholly-owned properties was expected to expire during 2003.

The decrease in escalation and reimbursement revenue was primarily due to the 2001 Dispositions ($4.1 million). This was partially offset by increased recoveries at the Same-Store Properties ($1.0 million) and the 2001 Acquisitions ($1.2 million). We recovered approximately 89% of our electric costs at our Same-Store Properties during 2002.

Investment and Other Income (in millions)	**2002**	**2001**	**$**	**%**

			Change	Change
Equity in net income of unconsolidated joint ventures	$ 18.4	$ 8.6	$ 9.8	114.0%
Investment and preferred equity income	23.2	17.4	5.8	33.3
Other	5.6	2.8	2.8	100.0
Total	$ 47.2	$ 28.8	$ 18.4	63.9%

The increase in equity in net income of unconsolidated joint ventures was due to an increase in the square footage of our joint venture properties from 3.1 million square feet in 2001 to 4.6 million square feet in 2002. The increase was primarily due to One Park Avenue being included for all of 2002, but only seven months of 2001 and 1515 Broadway being included for seven months in 2002 and none in 2001. This was partially offset by 469 Seventh Avenue, which was sold in June 2002. Occupancy at the joint venture properties decreased from 98.4% in 2001 to 97.3% in 2002. We estimated that current market rents were approximately 20.8% higher than existing in-place fully escalated rents at our joint venture properties. Approximately 10.9% of the space leased at joint venture properties was expected to expire during 2003.

The increase in investment income primarily represents interest income from structured finance transactions ($6.8 million). The weighted average loan balance outstanding and yield were $160.4 million and 13.1%, respectively, for 2002 compared to $94.2 million and 15.6%, respectively, for 2001. This was offset by a decrease in interest income from excess cash on hand ($1.0 million).

The increase in other income was primarily due to management and asset management fees earned from joint ventures ($2.2 million) due to the increase in the size of the joint venture portfolio compared to prior periods. The balance of the increase was due to the receipt of an acquisition break-up fee ($0.3 million) and a gain on the sale of mortgage recording tax credits ($0.6 million).

Property Operating Expenses (in millions)	2002	2001	$ Change	% Change
Operating expenses (excluding electric)	$ 41.0	$ 37.7	$ 3.3	8.8%
Electric costs	15.2	17.6	(2.4)	(13.6)
Real estate taxes	28.3	28.8	(0.5)	(1.7)
Ground rent	12.6	12.6	—	—
Total	$ 97.1	$ 96.7	$ 0.4	0.4%
Same-Store Properties	$ 84.0	$ 81.1	$ 2.9	3.6%
2001 Acquisitions	6.4	3.7	2.7	73.0
2001 Dispositions	—	7.2	(7.2)	(100.0)
Other	6.7	4.7	2.0	42.6
Total	$ 97.1	$ 96.7	$ 0.4	0.4%

Same-Store Properties operating expenses, excluding real estate taxes, were relatively flat. There were increases in security costs and insurance ($1.5 million), advertising ($0.2 million), operating payroll ($0.2 million), management ($0.9 million) and repairs and maintenance ($0.5 million). These increases were partially offset by decreases in professional fees ($0.3 million), electric costs ($1.0 million), and lower steam costs ($0.5 million).

The decrease in electric costs was primarily due to lower electric rates in 2002 compared to 2001.

The decrease in real estate taxes was primarily attributable to the 2001 Dispositions which decreased real estate taxes by $2.8 million. This was partially offset by an increase in real estate taxes attributable to the Same-Store Properties ($1.5 million) due to higher assessed property values and the 2001 Acquisitions ($0.9 million).

Other Expenses (in millions)	2002	2001	$ Change	% Change
Interest expense	$ 35.4	$ 43.9	$ (8.5)	(19.4)%
Depreciation and amortization expense	37.6	35.8	1.8	5.0
Marketing, general and administrative expenses	13.3	15.4	(2.1)	(13.6)
Total	$ 86.3	$ 95.1	$ (8.8)	(9.3%)

The decrease in interest expense was primarily attributable to lower average debt levels due to dispositions ($10.6 million) and reduced interest costs on floating rate debt ($3.6 million). The 2001 balance also includes $0.3 million associated with the reclassification of an extraordinary item related to the early extinguishment of debt to interest expense. This was partially offset by increases due to costs associated with new investment activity ($5.2 million), and the funding of ongoing capital projects and working capital reserves ($0.5 million). The weighted average interest rate decreased from 6.91% for the year ended December 31, 2001 to 6.31% for the year ended December 31, 2002 and the weighted average debt balance increased from $492.0 million to $555.6 million for these same periods.

Marketing, general and administrative expenses decreased primarily due to a one time $1.0 million donation made in 2001 to the Twin Towers Fund and a decrease in corporate advertising ($0.5 million) in 2002. We have reduced our marketing, general and administrative costs to 5.6% of total revenues in 2002 compared to 6.4% in 2001.

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 limited partnership units 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

2003 Compared to 2002

Net cash provided by operating activities decreased $23.6 million to $78.3 million for the year ended December 31, 2003 compared to $101.9 million for the year ended December 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 the properties sold in 2003.

Net cash used in investing activities increased $439.1 million to $491.4 million for the year ended December 31, 2003 compared to $52.3 million for the year ended December 31, 2002. The increase was due primarily to the purchase of 1221 Avenue of the Americas in 2003 of which our share of the cash invested was approximately $385.1 million. This was offset by the receipt of net proceeds from the sale of 50 West 23rd Street, 1370 Broadway and 875 Bridgeport Avenue, Shelton, CT ($119.1 million). In addition, there was an increase in acquisitions and capital improvements in 2003 ($81.2 million and $22.5 million, respectively) as compared to 2002 (none and $26.7 million, respectively). This relates primarily to the acquisitions of 220 East 42nd Street, condominium interests in 125 Broad Street and 461 Fifth Avenue. In addition, there were net originations of structured finance investments ($169.3 million) in 2003 compared to 2002.

Net cash provided by financing activities increased $398.4 million to $393.6 million for the year ended December 31, 2003 compared to $4.8 million of net cash used for the year ended December 31, 2002. The increase was primarily due to new mortgage financings and draws under our credit facilities and term loans ($598.0 million) being greater than repayments ($346.9 million). In addition we received net proceeds of $152.0 million from the sale of our 7.625% Series C cumulative redeemable preferred stock in 2003.

2002 Compared to 2001

Net cash provided by operating activities increased $21.3 million to $101.9 million for the year ended December 31, 2002 compared to $80.6 million for the year ended December 31, 2001. Operating cash flow was primarily generated by the Same-Store Properties and 2001 Acquisitions, as well as the structured finance investments, but was reduced by the decrease in operating cash flow from the 2001 Dispositions and contributions to a joint venture.

Net cash used in investing activities decreased $367.8 million to $52.3 million for the year ended December 31, 2002 compared to $420.1 million for the year ended December 31, 2001. The decrease was due primarily to the acquisitions of One Park Avenue ($233.9 million) and 1370 Broadway ($50.5 million) in January 2001 compared to no acquisitions of wholly-owned properties in 2002. Approximately $50.2 million of the 2001 acquisitions was funded out of restricted cash set aside from the sale of 17 Battery Place South. The investing activity in 2002 related primarily to the joint venture investment in connection with the acquisition of 1515 Broadway in May 2002. The change in structured finance investments relates primarily to the timing of originations and repayments or participations of these investments.

Net cash used in financing activities decreased $346.7 million to $4.8 million of net cash used for the year ended December 31, 2002 compared to $341.9 million of net cash provided for the year ended December 31, 2001. The decrease was primarily due to lower borrowing requirements due to the decrease in acquisitions, which would have been funded with mortgage debt and draws under the line of credit. In addition, the 2001 financing activities include the $148.4 million in net proceeds from a common stock offering.

Capitalization

On January 16, 2004, we sold 1,800,000 shares of common stock under our shelf registration statement. The net proceeds from this offering ($73.9 million) were used to pay down our unsecured revolving credit facility.

On December 12, 2003, we sold 6,300,000 shares of our 7.625% Series C cumulative redeemable preferred stock under our shelf registration statement. A portion of the net proceeds from this offering ($152.0 million) were used to pay down our secured and unsecured revolving credit facilities.

On September 30, 2003, we converted our 4,600,000 PIERS into 4,698,880 shares of our common stock.

On July 25, 2001, we sold 5,000,000 shares of common stock under our shelf registration statement. The net proceeds from this offering ($148.4 million) were used to pay down our unsecured revolving credit facility.

Rights Plan

We adopted a shareholder rights plan which provides, among other things, that when specified events occur, our common 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, or 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.

During the years ended December 31, 2003 and 2002, we issued 68,453 and 71 common shares and received approximately $2,500,000 and $2,000 of proceeds from dividend reinvestments and/or stock purchases under the DRIP, respectively. DRIP shares may be issued at a discount to the market price.

2003 Long-Term Outperformance Compensation Program

At the May 2003 meeting of our board of directors, our board ratified a long-term, seven-year compensation program for certain members of senior management. The program, which measures our performance over a 48-month period (unless terminated earlier) commencing April 1, 2003, provides that holders of our common equity are to achieve a 40% total return, or baseline return, during the measurement period over a base share price of $30.07 per share before any restricted stock awards are granted. Plan participants will receive an award of restricted stock in an amount between 8% and 10% of the excess total return over the baseline return. At the end of the four-year measurement period, 40% of the award will vest on the measurement date and 60% of the award will vest ratably over the subsequent three years based on continued employment. Any restricted stock to be issued under the program will be allocated from our 1997 Stock Option and Incentive Plan, as amended, which was previously approved through a shareholder vote in May 2002. We will record the expense of the restricted stock award in accordance with Financial Accounting Standards Board, or FASB, Statement No. 123, "Accounting for Stock-Based Compensation". The fair value of the award on the date of grant was determined to be $3.2 million. Forty percent of the award will be amortized over four years and the balance will be amortized at 20% per year over five, six and seven years, respectively, such that 20% of year five, 16.67% of year six and 14.29% of year seven will be recorded in year one. The total value of the award (capped at $25.5 million) will determine the number of shares assumed to be issued for purposes of calculating diluted earnings per share. Compensation expense of $0.5 million related to this plan was recorded during the year ended December 31, 2003.

Market Capitalization

At December 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 $473.6 million) represented 39.3% of our consolidated market capitalization of $2.9 billion (based on a common stock price of $41.05 per share, the closing price of our common stock on the New York Stock Exchange on December 31, 2003). Market capitalization includes our consolidated debt, common and preferred stock and the conversion of all units of limited partnership interest in our Operating Partnership, but excludes our share of joint venture debt.

Indebtedness

The table below summarizes our consolidated mortgage, secured and unsecured revolving credit facilities and unsecured term loan outstanding at December 31, 2003 and 2002, respectively (in thousands).

	December 31,	
Debt Summary:	**2003**	**2002**
Balance		
Fixed rate	**$ 515,871**	$ 232,972
Variable rate — hedged	**270,000**	233,254
Total fixed rate	**785,871**	466,226
Variable rate	**267,578**	74,000
Variable rate—supporting variable rate assets	**66,000**	22,178
Total variable rate	**333,578**	96,178
Total	**$ 1,119,449**	$ 562,404
Percent of Total Debt:		
Total fixed rate	**70.20**%	82.90%
Variable rate	**29.80**%	17.10%
Total	**100.00**%	100.00%
Effective Interest Rate for the Year:		
Fixed rate	**6.77**%	7.49%
Variable rate	**2.85**%	3.26%
Effective interest rate	**5.66**%	6.31%

The variable rate debt shown above bears interest at an interest rate based on LIBOR (1.12% at December 31, 2003). Our debt on our wholly-owned properties at December 31, 2003 had a weighted average term to maturity of approximately 4.6 years.

As of December 31, 2003, we had 12 structured finance investments collateralizing our secured revolving credit facility. These structured finance investments, totaling $155.7 million, partially mitigate our exposure to interest rate changes on our unhedged variable rate debt.

Mortgage Financing

As of December 31, 2003, our total mortgage debt (excluding our share of joint venture debt of approximately $473.6 million) consisted of approximately $515.9 million of fixed rate debt, including hedged variable rate debt, with an effective weighted average interest rate of approximately 6.87% and no unhedged variable rate debt.

Revolving Credit Facilities

Unsecured Revolving Credit Facility

We currently have a $300.0 million unsecured revolving credit facility, which matures in March 2006. This unsecured revolving credit facility has an automatic one-year extension option provided that there are no events of default under the loan agreement. At December 31, 2003, $170.0 million was

outstanding under this unsecured revolving credit facility and carried an effective annual weighted average interest rate of 2.77%. Availability under this unsecured revolving credit facility at December 31, 2003 was further reduced by the issuance of letters of credit in the amount of $4.0 million.

Secured Revolving Credit Facility

We also have a $75.0 million secured revolving credit facility, which matures in December 2004. This secured revolving credit facility had an automatic one-year extension option which was exercised in December 2003. We are currently in the market to extend and upsize this facility. This secured revolving credit facility is secured by various structured finance investments. At December 31, 2003, $66.0 million was outstanding under this secured revolving credit facility and carried an effective annual weighted average interest rate of 2.68%.

Term Loans

On December 5, 2002, we obtained a $150.0 million unsecured term loan. We immediately borrowed $100.0 million under this unsecured term loan to repay approximately $100.0 million of the outstanding balance under our unsecured revolving credit facility. Effective June 5, 2003, the unsecured term loan was increased to $200.0 million and the term was extended by six months to June 2008. As of December 31, 2003, we had $200.0 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 swap agreements to fix the LIBOR rate on the entire unsecured term loan. The effective annual interest rate on the unsecured term loan was 3.63% for 2003.

On December 29, 2003, we closed on a $100.0 million five-year non-recourse term loan, secured by a pledge of the Company's partnership interest in 1221 Avenue of the Americas. This term loan has a floating rate of 150 basis points over the current LIBOR rate (2.62% at December 31, 2003).

Restrictive Covenants

The terms of our unsecured and secured revolving credit facilities and term loans 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 December 31, 2003 and 2002, we were in compliance with all such covenants.

Market Rate Risk

We are exposed to changes in interest rates primarily from our floating rate borrowing 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 and 2002, would increase our annual interest cost by approximately $3.4 million and $1.3 million and would increase our share of joint venture annual interest cost by approximately $2.3 million and $1.7 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 $785.9 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 December 31, 2003 ranged from LIBOR plus 140 basis points to LIBOR plus 450 basis points.

Contractual Obligations

Combined aggregate principal maturities of mortgages and notes payable, revolving credit facilities, term loans and our share of joint venture debt, excluding extension options, and our obligations under our capital lease and ground leases, as of December 31, 2003 are as follows:

	Property Mortgages	Revolving Credit Facilities	Term Loans	Capital Lease	Ground Leases	Total	Joint Venture Debt
2004	$ 3,395	$ 66,000	$ 67,578	$ 1,290	$ 14,195	$ 152,458	$ 231,651
2005	51,405	—	—	1,322	14,195	66,922	83,425
2006	4,222	170,000	—	1,416	13,301	188,939	79,739
2007	80,954	—	1,324	1,416	12,408	96,102	1,058
2008	7,666		298,676	1,416	12,408	320,166	21,863
Thereafter	368,229	—	—	54,736	310,283	733,248	55,821
	$ 515,871	$ 236,000	$ 367,578	$ 61,596	$ 376,790	$ 1,557,835	$ 473,557

Off-Balance Sheet Arrangements

We have a number of off-balance sheet investments, including joint ventures and structured finance investments. These investments all have varying ownership structures. Substantially all of our joint venture arrangements are accounted for under the equity method of accounting as we have the ability to exercise significant influence, but not control over the operating and financial decisions of these joint venture arrangements. Our off-balance sheet

arrangements are discussed in Note 5, "Structured Finance Investments" and Note 6, "Investments in Unconsolidated Joint Ventures" in the accompanying financial statements. Additional information about the debt of our unconsolidated joint ventures is included in "Contractual Obligations" above.

Capital Expenditures

We estimate that for the year ending December 31, 2004, we will incur approximately $37.2 million of capital expenditures (including tenant improvements and leasing commissions) on existing wholly-owned properties and our share of capital expenditures at our joint venture properties will be approximately $13.1 million. Of those total capital expenditures, approximately $5.4 million for wholly-owned properties and $0.8 million for our share of capital expenditures at our joint venture properties are dedicated to redevelopment costs, including compliance with 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 $2.00 per share, we would pay approximately $81.1 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 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.

Related Party Transactions

Cleaning Services

First Quality Maintenance, L.P., or First Quality, 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 former 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 $4.3 million in 2003, $3.4 million in 2002 and $3.6 million in 2001. 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, 2012 and provides for annual rental payments of approximately $295,000.

Security Services

Classic Security LLC, or Classic Security, 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 $3.7 million in 2003, $3.2 million in 2002 and $2.2 million in 2001.

Messenger Services

Bright Star Couriers LLC, or Bright Star, provides messenger services with respect to certain properties owned by us. Bright Star is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees paid by us for such services was approximately $145,000 in 2003, $87,000 in 2002 and none in 2001.

Leases

Nancy Peck and Company leases 2,013 square 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 $64,000. 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, of $10,000 per month, we pay to her under a consulting agreement which is cancelable upon 30-days notice.

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 $237,000 in 2003, $242,000 in 2002 and $206,000 in 2001.

Management Indebtedness

On January 17, 2001, Mr. Marc Holliday, then 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.

The balance outstanding on this loan, including accrued interest, was $284,000 on December 31, 2003. 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 non-competition agreement is forgiven.

Brokerage Services

Sonnenblick-Goldman Company, a nationally recognized real estate investment banking firm, provided mortgage brokerage services with respect to securing approximately $85 million of first mortgage financing for 1250 Broadway in 2001 and $35 million of first mortgage financing for 673 First Avenue in 2003. Mr. Morton Holliday, the father of Mr. Marc Holliday, was a Managing Director of Sonnenblick at the time of the financing. The fees paid by us to Sonnenblick for such services was approximately $175,000 in 2003, none in 2002 and $319,000 in 2001. In 2003, we also paid $623,000 to Sonnenblick in connection with the acquisition of 461 Fifth Avenue and $225,000 in connection with the refinancing of 180 Madison Avenue.

Investments

The ownership interests in NJMA Centennial, an entity in which we held an indirect non-controlling 10% ownership interest, were sold in May 2003 for $4.5 million to NJMA Centennial Owners, LLC, the managing member of which is an affiliate of the Schultz Organization. The sole asset of NJMA Centennial is 865 Centennial Avenue, a 56,000 square foot office/industrial property located in Piscataway, New Jersey. Under NJMA Centennial's Operating Agreement, we had no authority with respect to the sale. Marc Holliday, one of our executive officers, invested $225,000 in a non-managing membership interest in the entity acquiring the property. Our board of directors determined that this was not an appropriate investment opportunity for us and approved the investment by the executive officer prior to the transaction occurring.

Other

Insurance

The real estate industry witnessed a sharp rise in property insurance costs after the terrorist attacks on September 11, 2001. Recently, there has been some stabilizing of these costs, primarily as a result of Federal legislation that required insurance companies to provide terrorism coverage while providing a financial backstop in the event of a terrorist attack. We recently renewed our insurance policy. 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 $350 million of terrorism coverage for the properties in our portfolio and expires in October 2004. 1515 Broadway has stand-alone insurance coverage, which provides for full all risk coverage, but has a limit of $300 million in terrorism coverage. This policy will expire in May 2004. We are currently in the market to renew this policy. We also have a separate policy for 1221 Avenue of the Americas in which we participate with the Rockefeller Group Inc. in a blanket policy providing $1.2 billion of all risk property insurance along with $1.0 billion of insurance for terrorism. While we believe our insurance coverage is appropriate, 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 2004, or in the case of 1515 Broadway, May 2004.

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 would adversely affect our ability to finance and/or refinance our properties and to expand our portfolio or result in substantially higher insurance premiums.

Funds from Operations

The revised White Paper on Funds from Operations, or 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 REITs 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 years ended December 31, 2003, 2002 and 2001 are as follows (in thousands):

	Year Ended December 31,		
	2003	**2002**	**2001**
Income before minority interest, gain on sales, preferred stock dividends and cumulative effect adjustment	**$ 75,179**	$ 72,233	$ 56,558
Add:			
Depreciation and amortization	**47,282**	37,600	35,845
FFO from discontinued operations	**4,134**	8,890	9,094
FFO adjustment for unconsolidated joint ventures	**13,982**	11,025	6,575
Less:			
Dividends on convertible preferred shares	**(6,693)**	(9,200)	(9,200)

Dividends on perpetual preferred shares	**(625)**	—	—
Amortization of deferred financing costs and depreciation on non-rental real estate assets	**(4,478)**	(4,318)	(4,456)
Funds From Operations — basic	**128,781**	116,230	94,416
Dividends on preferred shares	**6,693**	9,200	9,200
Funds From Operations – diluted	**$ 135,474**	$ 125,430	$ 103,616
Cash flows provided by operating activities	**$ 78,250**	$ 101,948	$ 80,588
Cash flows used in investing activities	**$ (491,369)**	$ (52,328)	$ (420,061)
Cash flows provided by (used in) financing activities	**$ 393,645**	$ (4,793)	$ 341,873

Inflation

Substantially all of the office leases provide for separate real estate tax and operating expense escalations as well as operating expense recoveries based on increases in the Consumer Price Index or other measures such as porters' wage. 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.

Recently Issued Accounting Pronouncements

In January 2003, the FASB issued Interpretation No. 46, or FIN 46, "Consolidation of Variable Interest Entities." FIN 46 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 FIN 46 will be effective by March 31, 2004, for all variable interests. The adoption of this pronouncement effective July 1, 2003 for the Service Corporation had no impact on the Company's results of operations or cash flows, but resulted in a gross-up of assets and liabilities by $2.5 million and $0.6 million, respectively. See Note 7. The Company is still evaluating the impact on its structured finance portfolio. See Note 6.

On April 30, 2003, FASB issued SFAS No. 149, or SFAS 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS 149 amends and clarifies the accounting guidance on (1) derivative instruments (including certain derivative instruments embedded in other contracts) and (2) hedging activities that fall within the scope of SFAS No. 133, or SFAS 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS 149 also amends certain other existing pronouncements, which will result in more consistent reporting of contracts that are derivatives in their entirety or that contain embedded derivatives that warrant separate accounting. SFAS 149 is effective (1) for contracts entered into or modified after June 30, 2003, with certain exceptions, and (2) for hedging relationships designated after June 30, 2003. The guidance is to be applied prospectively. The adoption of SFAS 149 did not have a material impact on the Company's financial condition, or results of operations or cash flows.

In May 2003, FASB issued SFAS No. 150, or SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This statement establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. It is to be implemented by reporting the cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of the statement and still existing at the beginning of the interim period of adoption. The implementation of SFAS 150 did not have a material impact on the Company's financial condition, results of operations or cash flows.

Forward-Looking Information

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, or the Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or 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.

The risks included here are not exhaustive. Other sections of this report may include additional factors that could adversely affect the Company's business and financial performance. Moreover, the Company operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Rate Risk" for additional information regarding our exposure to interest rate fluctuations.

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

	Long-Term Debt				Mortgage Receivables	
Date	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate	Amount	Weighted Yield
2004	$ 73,395	6.24%	$ 63,578	2.70%	$ 99,763	13.55%
2005	51,405	5.90%	—	—	78,000	7.41%
2006	4,222	5.89%	170,000	2.71%	15,809	11.42%
2007	80,954	5.88%	1,324	2.62%	5,478	14.13%
2008	207,666	6.39%	98,676	2.62%	19,939	9.99%
Thereafter	368,229	6.85%	—	—	—	—
Total	**$ 785,871**	**6.41%**	**$ 333,578**	**2.67%**	**$ 218,989**	**12.13%**
Fair Value	$ 805,233		$ 333,578		$ 218,989	

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

	Long Term Debt			
Date	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate
2004(1)	$ 147,401	6.06%	$ 84,250	3.08%
2005	925	7.05%	82,500	2.39%
2006	989	7.06%	78,750	2.09%
2007	1,058	7.06%	—	—
2008	21,863	7.07%	—	—
Thereafter	55,821	8.00%	—	—
Total	**$ 228,057**	**6.94%**	**$ 245,500**	**2.71%**
Fair Value	$ 232,446		$ 245,500	

(1) Included in this item is $184,250 based on the contractual maturity date of the debt on 1515 Broadway. This loan has five one-year as-of-right extension options.

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

	Asset Hedged	Benchmark Rate	Notional Value	Strike Rate	Effective Date	Expiration Date	Fair Value
Interest Rate Collar	Fleet loan	LIBOR	$ 70,000	6.580%	12/1999	11/2004	$ (2,753)
Interest Rate Swap(1)	Term loan	LIBOR	65,000	4.010%	11/2001	8/2005	(2,341)
Interest Rate Swap	Term loan	LIBOR	100,000	4.060%	12/2003	12/2007	(3,597)
Interest Rate Swap (2)	Term loan	LIBOR	35,000	1.450%	12/2003	12/2004	(34)
Interest Rate Swap (2)	Term loan	LIBOR	—	4.113%	12/2004	6/2008	(284)
Total Consolidated Hedges			$ 270,000				$ (9,009)
Interest Rate Swap (3)	1250 Broadway	LIBOR	$ 46,750	4.038%	11/2001	1/2005	$ (1,279)
Interest Rate Swap (3)	1515 Broadway	LIBOR	100,000	2.299%	8/2002	6/2004	(512)
Total Joint Venture Hedges			$ 146,750				$ (1,791)

In addition to these derivative instruments, our joint venture loan agreements require the joint ventures to purchase interest rate caps on their debt. All these interest rate caps were out of the money and had no value at December 31, 2003.

(1) In January 2004, we extended this interest rate swap through June 2008 at an all-in blended LIBOR rate of 3.95%.
(2) This is a step swap with an initial term of 1 year followed by a 4 year term.
(3) This represents a hedge on a portion of our share of the unconsolidated joint venture debt.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements and Schedules

SL GREEN REALTY CORP.

Schedules

The consolidated financial statements of Rock-Green, Inc. are being provided to comply with applicable rules and regulations of the Securities and Exchange Commission.

All other schedules are omitted because they are not required or the required information is shown in the financial statements or notes thereto.

Report of Independent Auditors

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

We have audited the accompanying consolidated balance sheets of SL Green Realty Corp. as of December 31, 2003 and 2002, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedule listed in the Index as Item 15(a)(2). These financial statements and schedule are the responsibility of SL Green Realty Corp.'s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of SL Green Realty Corp. at December 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, SL Green Realty Corp. adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation."

/s/ Ernst & Young LLP

New York, New York
January 30, 2004, except for
Note 24 as to which the date is February 27, 2004

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

	December 31, 2003	December 31, 2002
Assets		
Commercial real estate properties, at cost:		
Land and land interests	**$ 168,032**	$ 131,078
Building and improvements	**849,013**	683,165
Building leasehold and improvements	**317,178**	149,326
Property under capital lease	**12,208**	12,208
	1,346,431	975,777
Less: accumulated depreciation	**(156,768)**	(126,669)
	1,189,663	849,108

Assets held for sale	—	41,536
Cash and cash equivalents	**38,546**	58,020
Restricted cash	**59,542**	29,082
Tenant and other receivables, net of allowance of $7,533 and $5,927 in 2003 and 2002, respectively	**13,165**	6,587
Related party receivables	**6,610**	4,868
Deferred rents receivable, net of allowance of $7,017 and $6,575 in 2003 and 2002, respectively	**63,131**	55,731
Investment in and advances to affiliates	—	3,979
Structured finance investments, net of discount of $44 and $205 in 2003 and 2002, respectively	**218,989**	145,640
Investments in unconsolidated joint ventures	**590,064**	214,644
Deferred costs, net	**39,277**	35,511
Other assets	**42,854**	28,464
Total assets	**$ 2,261,841**	$ 1,473,170
Liabilities and Stockholders' Equity		
Mortgage notes payable	**$ 515,871**	$ 367,503
Revolving credit facilities	**236,000**	74,000
Term loans	**367,578**	100,000
Derivative instruments at fair value	**9,009**	10,962
Accrued interest payable	**3,500**	1,806
Accounts payable and accrued expenses	**43,835**	41,197
Deferred compensation awards	—	1,329
Deferred revenue/gain	**8,526**	3,096
Capitalized lease obligation	**16,168**	15,862
Deferred land leases payable	**15,166**	14,626
Dividend and distributions payable	**18,647**	17,436
Security deposits	**21,968**	20,948
Liabilities related to assets held for sale	—	21,321
Total liabilities	**1,256,268**	690,086
Commitments and Contingencies		
Minority interest in Operating Partnership	**54,281**	44,039
Minority interest in partially-owned entities	**510**	679
8% Preferred Income Equity Redeemable Shares[SM] $0.01 par value $25.00 mandatory liquidation preference, 25,000 authorized and none and 4,600 outstanding at December 31, 2003 and 2002, respectively	—	111,721
Stockholders' Equity		
Series C preferred stock, $0.01 par value, $25.00 liquidation performance, 6,300 and none issued and outstanding at December 31, 2003 and 2002, respectively	**151,981**	—
Common stock, $0.01 par value 100,000 shares authorized and 36,016 and 30,422 issued and outstanding at December 31, 2003 and 2002, respectively	**360**	304
Additional paid-in-capital	**728,882**	592,585
Deferred compensation plans	**(8,446)**	(5,562)
Accumulated other comprehensive loss	**(961)**	(10,740)
Retained earnings	**78,966**	50,058
Total stockholders' equity	**950,782**	626,645
Total liabilities and stockholders' equity	**$ 2,261,841**	$ 1,473,170

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

SL Green Realty Corp.
Consolidated Statements Of Income
(Amounts in thousands, except per share data)

	Year Ended December 31,		
	2003	**2002**	**2001**
Revenues			
Rental revenue, net	**$ 233,033**	$ 179,520	$ 189,919
Escalation and reimbursement	**42,223**	27,203	29,194
Signage rent	**968**	1,488	1,522
Investment income	**17,988**	15,396	14,808
Preferred equity income	**4,098**	7,780	2,561
Other income	**10,647**	5,570	2,764
Total revenues	**308,957**	236,957	240,768
Expenses			
Operating expenses including $8,081 (2003), $6,745 (2002) and $5,805 (2001) to affiliates	**80,460**	56,172	55,290
Real estate taxes	**44,524**	28,287	28,806
Ground rent	**13,562**	12,637	12,579
Interest	**45,493**	35,421	43,869

Depreciation and amortization	**47,282**	37,600	35,845
Marketing, general and administrative	**17,131**	13,282	15,374
Total expenses	**248,452**	183,399	191,763
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, cumulative effect adjustment and discontinued operations	**60,505**	53,558	49,005
Equity in net income (loss) from affiliates	**(196)**	292	(1,054)
Equity in net income of unconsolidated joint ventures	**14,870**	18,383	8,607
Income from continuing operations before gain on sale, minority interest, cumulative effect adjustment and discontinued operations	**75,179**	72,233	56,558
Equity in net gain on sale of joint venture property	**3,087**	—	—
Gain on sale of rental properties	**—**	—	4,956
Minority interest in partially-owned entities	**(79)**	—	—
Minority interest in Operating Partnership attributable to continuing operations	**(4,545)**	(4,286)	(4,084)
Income from continuing operations before cumulative effect adjustment	**73,642**	67,947	57,430
Cumulative effect of change in accounting principle, net of minority interest	**—**	—	(532)
Net income from continuing operations	**73,642**	67,947	56,898
Net income from discontinued operations, net of minority interest	**3,191**	6,384	6,103
Gain on sale of discontinued operations, net of minority interest	**21,326**	—	—
Net income	**98,159**	74,331	63,001
Preferred stock dividends	**(7,318)**	(9,200)	(9,200)
Preferred stock accretion	**(394)**	(490)	(458)
Net income available to common shareholders	**$ 90,447**	$ 64,641	$ 53,343
Basic earnings per share:			
Net income from continuing operations before gain on sale and discontinued operations	**$ 1.95**	$ 1.93	$ 1.59
Net income from discontinued operations	**0.10**	0.21	0.23
Gain on sale of discontinued operations	**0.66**	—	—
Gain on sale of joint venture property	**0.09**	—	0.18
Cumulative effect of change in accounting principle	**—**	—	(0.02)
Net income available to common shareholders	**$ 2.80**	$ 2.14	$ 1.98
Diluted earnings per share:			
Net income from continuing operations before gain on sale and discontinued operations	**$ 1.90**	$ 1.92	$ 1.59
Net income from discontinued operations	**0.09**	0.17	0.20
Gain on sale of discontinued operations	**0.59**	—	—
Gain on sale of joint venture property	**0.08**	—	0.17
Cumulative effect of change in accounting principle	**—**	—	(0.02)
Net income available to common shareholders	**$ 2.66**	$ 2.09	$ 1.94
Basic weighted average common shares outstanding	**32,265**	30,236	26,993
Diluted weighted average common shares and common share equivalents outstanding	**38,970**	37,786	29,808

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

SL Green Realty Corp.
Consolidated Statements of Stockholders' Equity
(Amounts in thousands, except per share data)

	Series C Preferred Stock	Common Stock Shares	Common Stock Par Value	Additional Paid-In-Capital	Deferred Compensation Plans	Accumulated Other Comprehensive Loss	Retained Earnings	Total	Comprehensive Income
Balance at December 31, 2000	$ ---	24,516	$ 246	$ 428,698	$ (5,037)	$ ---	$ 31,166	$ 455,073	
Cumulative effect of accounting change						(811)		(811)	
Comprehensive Income:									
Net income							63,001	63,001	$ 63,001
Net unrealized loss on derivative instruments						(2,100)		(2,100)	(2,100)
SL Green's share of joint venture net unrealized gain on derivative instruments									109
Preferred dividend & accretion requirement							(9,657)	(9,657)	
Net proceeds from common stock offering and revaluation of minority interest ($2,927)		5,000	50	144,558				144,608	
Redemption of units		36		689				689	
Deferred compensation plan & stock award, net		166	1	4,122	(4,105)			18	
Amortization of deferred compensation plan					1,627			1,627	
Proceeds from stock options exercised		260	3	5,283				5,286	
Cash distributions declared ($1.605 per common share of which none represented a return of capital for federal income tax purposes)							(44,826)	(44,826)	
Balance at December 31, 2001	—	**29,978**	**300**	**583,350**	**(7,515)**	**(2,911)**	**39,684**	**612,908**	**$ 61,010**
Comprehensive Income:									
Net income							74,331	74,331	$ 74,331
Net unrealized loss on derivative instruments						(7,829)		(7,829)	(7,829)
SL Green's share of joint venture net unrealized loss on derivative instruments									(3,434)
Preferred dividends & accretion requirement							(9,690)	(9,690)	

Redemption of units		155	1	3,128				3,129	
Deferred compensation plan & stock award, net		(33)		(537)	534			(3)	
Amortization of deferred compensation plan					1,419			1,419	
Proceeds from stock options exercised		322	3	6,644				6,647	
Cash distributions declared ($1.7925 per common share of which none represented a return of capital for federal income tax purposes)							(54,267)	(54,267)	
Balance at December 31, 2002	**—**	**30,422**	**304**	**592,585**	**(5,562)**	**(10,740)**	**50,058**	**626,645**	**$ 63,068**
Comprehensive Income:									
Net income							98,159	98,159	$ 98,159
Net unrealized gain on derivative instruments						9,779		9,779	9,779
SL Green's share of joint venture net unrealized gain on derivative instruments									1,474
Preferred dividends & accretion requirement							(7,712)	(7,712)	
Redemption of units		267	3	5,699				5,702	
Proceeds from dividend reinvestment plan		68	1	3,650				3,651	
Deferred compensation plan & stock award, net		213	2	6,668	(6,670)			---	
Amortization of deferred compensation plan					3,786			3,786	
Conversion of preferred stock		4,699	47	112,059				112,106	
Net proceeds from preferred stock offering	151,981							151,981	
Proceeds from stock options exercised		347	3	7,589				7,592	
Stock-based compensation – fair value				632				632	
Cash distributions declared ($1.8950 per common share of which none represented a return of capital for federal income tax purposes)							(61,539)	(61,539)	
Balance at December 31, 2003	**$ 151,981**	**36,016**	**$ 360**	**$ 728,882**	**$ (8,446)**	**$ (961)**	**$ 78,966**	**$ 950,782**	**$ 109,412**

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

SL Green Realty Corp.
Consolidated Statements Of Cash Flows
(Amounts in thousands, except per share data)

	Year Ended December 31,		
	2003	**2002**	**2001**
Operating Activities			
Net income	**$ 98,159**	$ 74,331	$ 63,001
Adjustment to reconcile net income to net cash provided by operating activities:			
Non-cash adjustments related to income from discontinued operations	**2,472**	2,508	3,007
Depreciation and amortization	**47,282**	37,600	35,845
Amortization of discount on structured finance investments	**(161)**	388	2,728
Cumulative effect of change in accounting principle	**—**	—	532
Gain on sale of rental properties	**(3,087)**	—	(4,956)
Gain on sale of discontinued operations	**(22,849)**	—	—
Write-off of deferred financing costs	**—**	—	430
Equity in net loss (income) from affiliates	**196**	(292)	1,054
Equity in net income from unconsolidated joint ventures	**(14,870)**	(18,383)	(8,607)
Minority interest	**4,624**	4,286	4,084
Deferred rents receivable	**(9,094)**	(8,929)	(10,329)
Allowance for bad debts	**1,606**	2,298	1,906
Amortization of deferred compensation	**3,786**	1,419	1,627
Changes in operating assets and liabilities:			
Restricted cash – operations	**3,313**	6,455	4,593
Tenant and other receivables	**(8,184)**	(604)	(3,119)
Related party receivables	**(1,742)**	(1,370)	(2,658)
Deferred lease costs	**(5,446)**	(7,297)	(4,702)
Other assets	**(16,290)**	(6,452)	(1,362)
Accounts payable, accrued expenses and other liabilities	**(5,062)**	15,479	(3,683)
Deferred revenue	**3,057**	(29)	269
Deferred land lease payable	**540**	540	928
Net cash provided by operating activities	**78,250**	101,948	80,588
Investing Activities			
Acquisitions of real estate property	**(81,214)**	—	(390,034)
Additions to land, buildings and improvements	**(22,532)**	(26,675)	(27,752)
Restricted cash – capital improvements/acquisitions	**(33,773)**	2,887	43,806
Investment in and advances to affiliates	**2,361**	(490)	(2,892)
Distribution from affiliate	**—**	739	—
Investments in unconsolidated joint ventures	**(385,067)**	(93,881)	(27,832)
Distributions from unconsolidated joint ventures	**36,469**	22,482	26,909
Net proceeds from disposition of rental property	**119,075**	—	95,079
Structured finance investments net of repayments/participations	**(126,688)**	42,610	(137,345)
Net cash used in investing activities	**(491,369)**	(52,328)	(420,061)
Financing Activities			
Proceeds from mortgage notes payable	**245,000**	—	237,178
Repayments of mortgage notes payable	**(298,294)**	(21,496)	(39,678)

Proceeds from revolving credit facilities and term loans	**628,000**	275,000	512,984
Repayments of revolving credit facilities	**(266,000)**	(195,931)	(464,427)
Proceeds from stock options exercised	**7,592**	6,647	5,286
Net proceeds from dividend reinvestment plan	**3,651**	—	—
Net proceeds from sale of common/preferred stock	**152,539**	—	148,373
Capitalized lease obligation	**306**	288	271
Dividends and distributions paid	**(70,868)**	(66,592)	(53,062)
Deferred loan costs	**(8,281)**	(2,709)	(5,052)
Net cash provided by (used in) financing activities	**393,645**	(4,793)	341,873
Net (decrease) increase in cash and cash equivalents	**(19,474)**	44,827	2,400
Cash and cash equivalents at beginning of period	**58,020**	13,193	10,793
Cash and cash equivalents at end of period	**$ 38,546**	$ 58,020	$ 13,193
Supplemental cash flow disclosures			
Interest paid	**$ 44,256**	$ 36,725	$ 46,712

In December 2003, 2002, and 2001 the Company declared distributions per share of $0.50, $0.465, and $0.4425, respectively. These distributions were paid in January 2004, 2003 and 2002, respectively.

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

SL Green Realty Corp.
Notes to Consolidated Financial Statements
December 31, 2003

(Dollars in thousands, except per share data)

1. Organization and Basis of Presentation

SL Green Realty Corp., also referred to as the Company or SL Green, a Maryland corporation, and SL Green Operating Partnership, L.P., or 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 which are referred to as the Service Corporation. The Company has qualified, and expects to qualify in the current fiscal year, as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code, and operates as a self-administered, self-managed REIT. A REIT is a legal entity that holds real estate interests and, through payments of dividends to shareholders, is permitted to reduce or avoid the payment of Federal income taxes at the corporate level.

Substantially all of the Company's assets are held by, and its operations are conducted through, the Operating Partnership. The Company is the sole managing general partner of the Operating Partnership. As of December 31, 2003, minority investors held, in the aggregate, a 6.0% limited partnership interest in the Operating Partnership.

As of December 31, 2003, the Company's wholly-owned portfolio consisted of 20 commercial properties encompassing approximately 8.2 million rentable square feet located primarily in midtown Manhattan, or Manhattan, a borough of New York City. As of December 31, 2003, the weighted average occupancy (total leased square feet divided by total available square feet) of the wholly-owned properties was 95.8%. The Company's portfolio also includes ownership interests in unconsolidated joint ventures, which own six commercial properties in Manhattan, encompassing approximately 6.9 million rentable square feet, and which had a weighted average occupancy of 95.8% as of December 31, 2003. In addition, the Company manages 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 or 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 units of limited partnership interest for cash, or if the Company so elects, shares of common stock on a one-for-one basis. In addition, the Company is prohibited from selling 673 First Avenue and 470 Park Avenue South through August 2009.

2. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, which are wholly-owned or controlled by the Company or entities which are variable interest entities in which the Company is the primary beneficiary under the Financial Accounting Standards Board, or FASB Interpretation No. 46, or FIN 46, "Consolidation of Variable Interest Entities — an Interpretation of ARB No. 51" (see Note 5 and Note 6). FIN 46 will be fully adopted by March 31, 2004. Entities which are not controlled by the Company and entities which are variable interest entities, but where the Company is not the primary beneficiary are accounted for under the equity method. 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.

A property to be disposed of is reported at the lower of its carrying amount or its estimated fair value, less its cost to sell. Once an asset is held for sale, depreciation expense and straight-line rent adjustments are no longer recorded.

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 capital lease asset) amounted to $38,326, $29,488, and $27,514 for the years ended December 31, 2003, 2002, and 2001, 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 its rental properties was impaired at December 31, 2003 and 2002.

Results of operations of properties acquired are included in the Statement of Operations from the date of acquisition.

In accordance with Statement of Financial Accounting Standards No. 141, or SFAS 141, "Business Combinations," the Company allocates the purchase price of real estate to land and building and, if determined to be material, intangibles, such as the value of above, below and at-market leases and origination costs associated with the in-place leases. The Company depreciates the amount allocated to building and other intangible assets over their estimated useful lives, which generally range from three to 40 years. The values of the above and below market leases are amortized and recorded as either an increase (in the case of below market leases) or a decrease (in the case of above market leases) to rental income over the remaining term of the associated lease. The value associated with in-place leases and tenant relationships are amortized over the expected term of the relationship, which includes an estimated probability of the lease renewal, and its estimated term. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off. The tenant improvements and origination costs are amortized as an expense over the remaining life of the lease (or charged against earnings if the lease is terminated prior to its contractual expiration date). The Company assesses fair value of the leases 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.

As a result of its evaluation, under SFAS 141, of acquisitions made, the Company recorded a deferred asset of $2,995 representing the net value of acquired above and below market leases and assumed lease origination costs. For the year ended December 31, 2003, the Company recognized a reduction in rental revenue of $155, for the amortization of above market leases and a reduction in lease origination costs, and additional building depreciation of $8, resulting from the reallocation of the purchase price of the applicable properties. The Company also recorded a deferred liability of $3,232 representing the value of a mortgage loan assumed at an above market interest rate. For the year ended December 31, 2003, the Company has recognized a $457 reduction in interest expense for the amortization of the above market mortgage.

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 and is not considered to be the primary beneficiary under FIN 46. 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 and real estate tax 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 $1,745, $1,745 and $1,663 for the years ended December 31, 2003, 2002 and 2001, 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 in which it is determined that the financing will not close.

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, whose collection is expected, 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 structured finance investments 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 expense 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 December 31, 2003 or 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 sheets.

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, local and franchise 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 or may elect 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. 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 Employee Compensation Plans
Effective January 1, 2003, the Company elected to adopt FASB Statement No. 123, or SFAS 123, "Accounting for Stock Based Compensation". SFAS 123 requires the use of option valuation models which determine the fair value of the option on the date of the grant. All employee stock option grants subsequent to January 1, 2003 will be expensed over the options' vesting periods based on the fair value at the date of the grant in accordance with SFAS 123. The Company expects minimal financial impact from the adoption of SFAS 123. To determine the fair value of the stock options granted, the Company uses a Black-Scholes option pricing model. Prior to January 1, 2003, the Company had applied Accounting Principles Board Opinion No. 25, or APB 25, and related interpretations in accounting for its stock option plans and reported pro forma disclosures in its Form 10-K filings by estimating the fair value of options issued and the related expense in accordance with SFAS 123. Accordingly, no compensation cost had been recognized for its stock option plans prior to the Company's adoption of SFAS 123.

In December 2002, the FASB issued Statement No. 148, or SFAS 148, "Accounting for Stock-Based Compensation - Transition and Disclosure". SFAS 148 amends SFAS 123 to provide alternative methods of transition for an entity that voluntarily adopts the fair value recognition method of recording stock option expense. SFAS 148 also amends the disclosure provisions of SFAS 123 and APB Opinion No. 28, "Interim Financial Reporting" to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock options on reported net income and earnings per share in annual and interim financial statements. In accordance with SFAS 148, the Company adopted the prospective method of applying SFAS 123.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period.

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's plans have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Compensation cost for stock options, if any, is recognized ratably over the vesting period of the award. 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. 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.

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions for grants in 2003, 2002 and 2001.

	2003	2002	2001
Dividend yield	**5.00%**	5.50%	5.50%
Expected life of option	**5 years**	5 years	5 years
Risk-free interest rate	**4.00%**	5.00%	5.00%
Expected stock price volatility	**17.91%**	18.91%	17.81%

The following table illustrates the effect of net income available to common shareholders and earnings per share if the fair value method had been applied to all outstanding and unvested stock options for the years ended December 31, 2003, 2002 and 2001, assuming all stock options had been granted under APB 25.

	Year Ended December 31,		
	2003	2002	2001
Net income available to common shareholders	**$ 90,447**	$ 64,641	$ 53,343
Deduct stock option expense-all awards	**(1,529)**	(2,130)	(2,265)
Add back stock option expense included in net income	**147**	—	—
Allocation of compensation expense to minority interest	**102**	145	177
Pro forma net income available to common shareholders	**$ 89,167**	$ 62,656	$ 51,255
Basic earnings per common share-historical	**$ 2.80**	$ 2.14	$ 1.98
Basic earnings per common share-pro forma	**$ 2.76**	$ 2.07	$ 1.90
Diluted earnings per common share-historical	**$ 2.66**	$ 2.09	$ 1.94
Diluted earnings per common share-pro forma	**$ 2.62**	$ 2.03	$ 1.86

The effects of applying SFAS 123 in this pro forma disclosure are not indicative of the impact future awards may have on the result of operations.

Derivative Instruments

In the normal course of business, the Company uses a variety of derivative 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 presented 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, resulting from the change in the estimated fair value of the derivative instruments, is recognized in current earnings during the period of change.

Earnings Per Share
The Company presents both basic and diluted earnings per share, or EPS. Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during 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. This also includes units of limited partnership interest.

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. The collateral securing the mortgage loans receivable is primarily 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 re-tenanting 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 3.2% of the Company's share of annualized rent. Approximately 19% and 9% of the Company's annualized rent was attributable to 420 Lexington Avenue and 555 West 57th Street, respectively, for the year ended December 31, 2001. Approximately 20% and 9% of the Company's annualized rent was attributable to 420 Lexington Avenue and 555 West 57th Street, respectively, for the year ended December 31, 2002. Approximately 18% and 13% of the Company's annualized rent was attributable to 420 Lexington Avenue and 220 East 42nd Street, respectively, for the year ended December 31, 2003. Three borrowers each accounted for more than 10.0% of the revenue earned on structured finance investments at December 31, 2003. The Company currently has 77.3% of its workforce covered by three collective bargaining agreements which service substantially all of the Company's properties.

Recently Issued Accounting Pronouncements
In January 2003, FASB issued FIN 46. FIN 46 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 FIN 46 will be effective by March 31, 2004, for all variable interests. The adoption of this pronouncement effective July 1, 2003 for the Service Corporation had no impact on the Company's results of operations or cash flows, but resulted in a gross-up of assets and liabilities by $2,543 and $629, respectively. See Note 7. The Company is still evaluating the impact on its structured finance portfolio. See Note 6.

On April 30, 2003, FASB issued SFAS No. 149, or SFAS 149, or "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS 149 amends and clarifies the accounting guidance on (1) derivative instruments (including certain derivative instruments embedded in other contracts) and (2) hedging activities that fall within the scope of SFAS No. 133, or SFAS 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS 149 also amends certain other existing pronouncements, which will result in more consistent reporting of contracts that are derivatives in their entirety or that contain embedded derivatives that warrant separate accounting. SFAS 149 is effective (1) for contracts entered into or modified after June 30, 2003, with certain exceptions, and (2) for hedging relationships designated after June 30, 2003. The guidance is to be applied prospectively. The adoption of SFAS 149 did not have a material impact on the Company's financial condition, results of operations or cash flows.

In May 2003, FASB issued SFAS No. 150, or SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS 150 establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. It is to be implemented by reporting the cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of the statement and still existing at the beginning of the interim period of adoption. The implementation of SFAS 150 did not have a material impact on the Company's financial condition, results of operations or cash flows.

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

3. Property Acquisitions

2003 Acquisitions
On February 13, 2003, the Company completed the acquisition of the 1.1 million square foot office property located at 220 East 42nd Street, Manhattan, known as The News Building, a property located in the Grand Central and United Nations marketplace, for a purchase price of approximately $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 was due to mature in September 2004 and bore 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 proceeds from the sales of 50 West 23rd Street and 875 Bridgeport Avenue, Shelton, CT, and borrowings under the Company's unsecured revolving credit facility, which included the repayment of a $28,500 mezzanine loan on the property. In December 2003, the Company replaced the $158,000 mortgage with a new $210,000 10-year mortgage (see Note 9). The Company agreed that for a period of seven years after the acquisition, it would not take certain action that would adversely affect the tax positions of certain of the partners who received units of limited partnership interest in the Operating Partnership and who held interests in this property prior to the acquisition.

On March 28, 2003, the Company acquired condominium interests in 125 Broad Street, Manhattan, encompassing approximately 525,000 square feet of office space 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. The balance of the purchase price was funded from proceeds from the sales of 50 West 23rd Street and 875 Bridgeport Avenue. This property is encumbered by a ground lease that the condominium can acquire in the future at a fixed price. The Company has exercised its option to acquire its portion of the underlying fee interest for $5,900. This transaction is expected to close the third quarter of 2004. The Company agreed that for a period of three years following the acquisition, it would not take certain action that would adversely affect the tax positions of certain of the partners who received units of limited partnership interest in the Operating Partnership and who held interests in this property prior to the acquisition.

On October 1, 2003, the Company acquired the long-term leasehold interest in 461 Fifth Avenue, Manhattan, for $60,900, or $305 per square foot. The leasehold acquisition was funded, in part, with the proceeds from the sale of 1370 Broadway, Manhattan, which closed on July 31, 2003. As a 1031 tax-free exchange, the transaction enabled the Company to defer gains from the sale of 1370 Broadway and from the sale of 17 Battery Place South, Manhattan, which gain was initially re-invested in 1370 Broadway. The balance of the acquisition was funded using the Company's unsecured revolving credit facility.

2002 Acquisitions

During the year ended December 31, 2002, the Company did not acquire any wholly-owned properties.

2001 Acquisitions

On January 10, 2001, the Company acquired various ownership and mortgage interests in the 913,000 square foot, 20-story office building at One Park Avenue, Manhattan ("One Park"). The Company acquired the fee interest in the property, which is subject to a ground lease position held by third-parties, and certain mortgage interests in the property for $233,900, excluding closing costs. As part of the transaction, SL Green acquired an option to purchase the ground lease position. The acquisition was financed with a $150,000 mortgage loan provided by Lehman Brothers Holdings Inc., or LBHI, and funds provided by the Company's unsecured revolving credit facility. On May 25, 2001, One Park Avenue was transferred to a joint venture (see Note 6).

On January 16, 2001, the Company purchased 1370 Broadway, Manhattan, a 16-story, 253,000 square foot office building for $50,400, excluding closing costs. The Company redeployed the proceeds from the sale of 17 Battery Place South, through a like-kind tax deferred exchange, to fund this acquisition.

On June 7, 2001, the Company acquired 317 Madison Avenue, Manhattan, or 317 Madison, for an aggregate purchase price of $105,600, excluding closing costs. The 22-story building contains approximately 450,000 square feet and is located at the Northeast corner of Madison Avenue and 42nd Street with direct access to Grand Central Station. The acquisition was funded, in part, with proceeds from the sale of 1412 Broadway in a reverse 1031 tax-free exchange, thereby deferring taxable capital gain resulting from such sale. The balance of the acquisition was funded using the Company's unsecured revolving credit facility.

Pro Forma

The following table summarizes, on an unaudited pro forma basis, the combined results of operations of the Company for years ended December 31, 2003 and 2002 as though the 2003 acquisition of 220 East 42nd Street and the redemption of the related preferred equity investment (February 2003) and its $210,000 refinancing (December 2003), 125 Broad Street (March 2003) and the equity investment in 1515 Broadway (May 2002) and 1221 Avenue of the Americas (December 2003) (see Note 6) were completed on January 1, 2002 and the related units of limited partnership interest in the Operating Partnership and December 2003 Series C preferred stock were issued on that date. There were no wholly-owned property acquisitions during 2002.

	2003	2002
Pro forma revenues	**$ 317,028**	$ 283,018
Pro forma net income	**$ 90,688**	$ 68,336
Pro forma earnings per common share-basic	**$ 2.81**	$ 2.26
Pro forma earnings per common share and common share equivalents-diluted	**$ 2.67**	$ 2.19
Pro forma common shares-basic	**32,265**	30,236
Pro forma common share and common share equivalents-diluted	**39,040**	38,236

4. Property Dispositions and Assets Held for Sale

On March 26, 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 The News Building and 125 Broad Street to effectuate a partial 1031 tax-free exchange.

On May 21, 2003, the Company sold 875 Bridgeport Avenue, Shelton, CT ("Shaws") for $16,177 and the buyer assumed the existing $14,814 first mortgage. The net proceeds were reinvested into the acquisitions of The News Building and 125 Broad Street to effectuate a partial 1031 tax-free exchange.

On July 31, 2003, the Company sold 1370 Broadway for $57,500, or approximately $225 per square foot, realizing a gain of approximately $4,037. The net proceeds were reinvested into the acquisition of 461 Fifth Avenue to effectuate a 1031 tax-free exchange.

During the year ended December 31, 2002, the Company did not dispose of any wholly-owned properties.

During the year ended December 31, 2001, the Company disposed of the following office properties to unaffiliated parties, except for One Park which was sold to an affiliated joint venture.

Date Sold	Property	Submarket	Rentable Square Feet	Gross Sales Price	Gain On Sale
1/9/01	633 Third Avenue	Grand Central	41,000	$ 13,250	$ 1,113
5/25/01	One Park Avenue	Grand Central	913,000	233,900	—
6/29/01	1412 Broadway	Times Square	389,000	91,500	3,115
			1,343,000	$ 338,650	$ 4,228

In June 2001, Cipriani, a tenant at 110 East 42nd Street occupying 70,000 square feet, notified the Company that it was exercising the purchase option under its lease agreement. The gross purchase price of the option to acquire the condominium interest was $14,500. This transaction closed on July 23, 2001 and the Company realized a gain of $728.

At December 31, 2003, discontinued operations included the results of operations of real estate assets sold or held for sale, namely, 50 West 23rd Street which was sold in March 2003, 875 Bridgeport Avenue, Shelton, CT which was sold in May 2003 and 1370 Broadway which was sold in July 2003. The following table summarizes income from discontinued operations (net of minority interest) and the related realized gain on sale of discontinued operations (net of minority interest) for the years ended December 31, 2003, 2002 and 2001.

	Year Ended December 31,		
	2003	2002	2001
Revenues			
Rental revenue	**$ 6,074**	$ 14,965	$ 14,743
Escalation and reimbursement revenues	**1,191**	2,061	2,145
Signage rent and other income	**380**	170	29
Total revenues	**7,645**	17,196	16,917
Operating expense	**1,351**	3,117	2,851
Real estate taxes	**1,258**	2,392	2,157
Interest	**896**	2,795	2,799
Depreciation and amortization	**721**	2,042	2,491
Total expenses	**4,226**	10,346	10,298
Income from discontinued operations	**3,419**	6,850	6,619
Gain on disposition of discontinued operations	**22,849**	—	—
Minority interest in operating partnership	**(1,751)**	(466)	(516)
Income from discontinued operations, net of minority interest	**$ 24,517**	$ 6,384	$ 6,103

5. Structured Finance Investments

During the years ended December 31, 2003 and 2002, the Company originated $165,487 and $27,684 in structured finance and preferred equity investments (net of discount), respectively. There were also $92,138 and $70,682 in repayments and participations during those years, respectively. These investments were made to entities which have been determined to be variable interest entities. At December 31, 2003, 2002 and 2001, all loans were performing in accordance with the terms of the loan agreements. All of the properties comprising the structured financial investments are located in the greater New York area.

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

Loan Type	Weighted Yield	Gross Investment	Senior Financing	2003 Principal Outstanding	2002 Principal Outstanding	Initial Maturity Date
Mezzanine Loan (1)	13.72%	$ 25,000	$ 110,000	$ 24,957	$ 24,796	April 2004
Mezzanine Loan	12.52%	15,000	178,000	15,000	—	January 2005
Mezzanine Loan (2)	10.19%	12,445	102,000	12,445	—	October 2013
Mezzanine Loan (3)	10.51%	3,500	15,000	3,500	—	September 2021
Mezzanine Loan (4)	—	—	—	—	10,300	—
Junior Participation	32.00%	500	5,500	500	500	December 2004
Junior Participation (5)	12.87%	15,000	178,000	14,926	14,926	November 2004
Junior Participation (6)	12.69%	11,000	46,500	11,000	—	May 2005
Junior Participation (6)	8.57%	30,000	121,000	30,000	—	September 2005
Junior Participation (6)	11.38%	15,000	167,000	15,000	—	September 2005
Junior Participation (7)	—	27,723	67,277	—	27,723	November 2003
		$ 155,168	$ 990,277	$ 127,328	$ 78,245	

(1) On July 20, 2001, this loan was contributed to a joint venture with Prudential Real Estate Investors (“PREI”). The Company retained a 50% interest in the loan. The original investment was $50,000.

(2) The Company is committed to fund up to $15,000 under this loan.

(3) The maturity date may be accelerated to July 2006 upon the occurrence of certain events.

(4) This loan was redeemed in December 2003.

(5) 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. This loan was redeemed in January 2004.

(6) These loans are subject to three one-year extension options from the initial maturity date.

(7) In connection with the acquisition of a subordinate first mortgage interest, the Company obtained $22,178 of financing from the senior participant, which was co-terminous with the mortgage loan. As a result, the Company's net investment was $5,545. This financing carried a variable interest rate of 100 basis points over the 30-day LIBOR. This loan was extended for one year from the initial maturity date. This loan was redeemed on July 17, 2003 and the related loan was repaid on that date.

Preferred Equity Investments

Loan Type	Weighted Yield	Gross Investment	Senior Financing	2003 Principal Outstanding	2002 Principal Outstanding	Initial Maturity Date
Preferred equity (1)	10.36%	$ 8,000	$ 65,000	$ 7,809	$ 7,895	May 2006
Preferred equity (2)	—	53,500	186,500	—	53,500	September 2006
Preferred equity	14.13%	38,000	38,000	5,479	6,000	July 2007
Preferred equity	12.45%	8,000	42,000	8,000	—	January 2006
Preferred equity	11.38%	7,000	47,500	7,000	—	August 2006
Preferred equity (3)	13.69%	59,380	—	59,380	—	April 2004
Preferred equity	8.91%	4,000	44,000	3,993	—	August 2010
		$ 177,880	$ 423,000	$ 91,661	$ 67,395	

(1) The investment 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.

(2) The Company could participate in the appreciation of the property upon sale to a third party above a specified threshold. The Company also received asset management fees. This investment was redeemed on February 13, 2003 (see Note 3).

(3) This investment contains two extension options of six months each.

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.

6. Investment in Unconsolidated Joint Ventures

Rockefeller Group International Inc. Joint Venture

On December 29, 2003, the Company purchased a 45% ownership interest in 1221 Avenue of the Americas for $450,000, or $394 per square foot, from The McGraw-Hill Companies, or MHC. MHC is a tenant at the property and accounts for approximately 16.3% of property's total revenue. Rockefeller Group International, Inc. will retain its 55% ownership interest in 1221 Avenue of the Americas and it will continue to manage the property. The Company is in the process of completing the SFAS 141 analysis. The purchase account 04 will be completed once that analysis is finalized.

1221 Avenue of the Americas, known as The McGraw-Hill Companies building, is an approximately 2.55 million square foot, 50-story class "A" office building located in Rockefeller Center.

The gross purchase price of $450,000 was partially funded by the assumption of 45% of underlying property indebtedness of $175,000, or $78,750 and the balance was paid in cash. The Company funded the cash component, in part, with proceeds from its offering of 7.625% Series C cumulative redeemable preferred stock (net proceeds of $152,000) that closed in December 2003. The balance of the proceeds was funded with the Company's unsecured revolving credit facility and a $100,000 non-recourse term loan.

Morgan Stanley Joint Ventures

MSSG I

On December 1, 2000, the Company and Morgan Stanley Real Estate Fund, or 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 member for the joint venture, and is responsible for leasing and managing the property. During 2003 and 2002, the Company earned $281 and $331 for such services, respectively. The acquisition was partially funded by a $32,000 mortgage from M&T Bank. The loan, which was to mature on December 1, 2005, carried a fixed interest rate of 7.81%. The mortgage was interest only until January 1, 2002, at which time principal payments began. On July 17, 2003, this mortgage was repaid and replaced with a five year $45,000 first mortgage. The mortgage carries a fixed interest rate of 4.57% per annum and is interest only for the first year, after which time principal repayments begin. 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. In addition to holding a 35% ownership interest in the property, the Company acted as the operating member for the joint venture, and was responsible for leasing and managing the property. During 2002 and 2001, the Company earned $137 and $146, respectively, for such services. The acquisition was partially funded by a $36,000 mortgage from LBHI. The loan, which was to mature on February 10, 2003, carried a fixed interest rate of 7.84% from the acquisition date through March 10, 2001 and thereafter, the interest rate was LIBOR plus 210 basis points.

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 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 will defer recognition of its share of the gain until its preferred investment has been redeemed.

MSSG III

On May 4, 2000, the Company sold a 65% interest, for cash, in the property located at 321 West 44th Street 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 venture received a $22,000 mortgage for the acquisition and capital improvement program, which was estimated at $3,300. The interest only mortgage was scheduled to mature on April 30, 2004 and had an interest rate based on LIBOR plus 250 basis points. In addition to retaining a 35% economic interest in the property, the Company, acting as the operating member for the joint venture, was responsible for redevelopment, construction, leasing and management of the property. During 2003, 2002 and 2001, the Company earned $147, $227 and $154, respectively, for such services. The venture agreement provided the Company with the opportunity to gain certain economic benefits based on the financial performance of the property.

On December 16, 2003, the Company and MSREF, through the MSSG III joint venture, sold the property for a gross sales price of $35,000, excluding closing costs. MSSG III realized a gain of approximately $271 on the sale of which the Company's share was approximately $95. The Company also recognized a gain of $2,985, which had been deferred at the time the Company sold the property to the joint venture.

SITQ Immobilier Joint Ventures

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, or One Park, with SITQ Immobilier, a subsidiary of Caisse de depot et placement du Quebec, or SITQ. The property is a 913,000 square foot office building. 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, which was scheduled to mature on January 10, 2004, was extended for one year. This mortgage has an interest rate based on LIBOR plus 150 basis points (2.74% at December 31, 2003). The Company provides management and leasing services for One Park. During 2003, 2002 and 2001, the Company earned $1,689, $1,108 and $538, respectively, for such services. During 2003, 2002 and 2001, the Company earned $757, $797 and $343 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 joint 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 a 670,000 square foot office building. This property is subject to an $85,000 mortgage. The interest only mortgage matures on October 21, 2004 and has a one year renewal option. The mortgage has an interest rate based on LIBOR plus 250 basis points (3.62% at December 31, 2003). 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 Company provides management and leasing services for 1250 Broadway. During 2003, 2002 and 2001, the Company earned $695, $642 and $66, for such services. During each of the years ended December 31, 2003 and 2002, the Company earned $900 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 2003 and 2002, the Company earned $1,356 and $828, respectively for such services. During 2003 and 2002, the Company earned $898 and $612, respectively, in asset management fees.

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 (2.57% at December 31, 2003), matures in June 2004. The mortgage has five one-year as-of-right 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 (4.62% at December 31, 2003), matures in May 2007. The second mezzanine loan, which carries an interest rate of 450 basis points over the 30-day LIBOR (5.62% at December 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. This swap was extended for one year at a fixed LIBOR rate of 1.855%. The blended weighted average effective interest rate was 4.04% for the year ended December 31, 2003.

One tenant, whose leases end between 2008 and 2013, represents approximately 89.2% of this joint venture's annualized rent at December 31, 2003.

Prudential Real Estate Investors 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 office building. 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 ten-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 2003, 2002 and 2001, the Company earned $757, $631 and $538 for such services, respectively.

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

	2003	2002
Assets		
Commercial real estate property	**$ 1,173,883**	$ 1,088,083
Other assets	**290,373**	101,664
Total assets	**$ 1,464,256**	$ 1,189,747
Liabilities and members' equity		
Mortgage payable	**$ 907,875**	$ 742,623
Other liabilities	**88,629**	33,118
Members' equity	**467,752**	414,006
Total liabilities and members' equity	**$ 1,464,256**	$ 1,189,747
Company's net investment in unconsolidated joint ventures	**$ 590,064**	$ 214,644

The difference between the nil investment in consolidated joint ventures and the Company joint venture member's equity relates its purchase price adjustments, primarily the acquisition of 1221 Avenue of the Americas ($342,000).

The condensed combined statements of operations for the unconsolidated joint ventures from acquisition date through December 31, 2003 are as follows:

	2003	2002	2001
Total revenues	**$ 176,889**	$ 154,685	$ 92,794
Operating expenses	**48,988**	39,831	23,287
Real estate taxes	**33,741**	23,430	14,691
Interest	**34,295**	32,019	25,073
Depreciation and amortization	**30,232**	24,362	13,678
Total expenses	**147,256**	119,642	76,729
Net income before gain on sale	**$ 29,633**	$ 35,043	$ 16,065
Company's equity in net income of unconsolidated joint ventures	**$ 14,870**	$ 18,383	$ 8,607

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 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. Prior to July 1, 2003, the Company accounted for its investment in the Service Corporation on the equity basis of accounting because it had significant influence with respect to management and operations, but did not control the entity. The Service Corporation is considered to be a variable interest entity under FIN 46 and the Company is the primary beneficiary. Therefore, effective July 1, 2003, the Company consolidated the operations of the Service Corporation. For the six months ended December 31, 2003, the Service Corporation earned $3,293 of revenue and incurred $3,261 in expenses. Effective January 1, 2001, the Service Corporation elected to be taxed as a TRS.

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, or eEmerge, in partnership with Fluid Ventures LLC, or 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 operations of eEmerge. Effective January 1, 2001, eEmerge elected to be taxed as a TRS.

On June 8, 2000, eEmerge and Eureka Broadband Corporation, or Eureka, formed eEmerge.NYC LLC, a Delaware limited liability company, or 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 operations of ENYC.

The net book value of the Company's investment as of December 31, 2003 and 2002 was $3,955 and $4,900, respectively. 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 December 31 consisted of the following:

	2003	2002
Deferred financing	**$ 22,464**	$ 16,180
Deferred leasing	**49,131**	44,881
	71,595	61,061
Less accumulated amortization	**(32,318)**	(25,550)
	$ 39,277	$ 35,511

9. Mortgage Notes Payable

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

Property	Maturity Date	Interest Rate	2003	2002
1414 Avenue of the Americas (1)	5/1/09	7.90%	**$ 13,532**	$ 13,726
70 West 36th Street (1)	5/1/09	7.90%	**11,791**	11,961
711 Third Avenue (1)	9/10/05	8.13%	**48,036**	48,446
420 Lexington Avenue (1)	11/1/10	8.44%	**121,324**	123,107
673 First Avenue (1)	2/11/13	5.67%	**35,000**	—
125 Broad Street (2)	10/11/07	8.29%	**76,188**	—
220 East 42nd Street	12/9/13	5.23%	**210,000**	—
317 Madison Avenue (1) (3)	8/20/04	LIBOR + 1.80%	—	65,000
555 West 57th Street (4)	11/4/04	LIBOR + 2.00%	—	68,254
50 West 23rd Street (5)	8/1/07	7.33%	—	20,901
875 Bridgeport Ave., Shelton, CT (6)	5/10/25	8.32%	—	14,831
Total fixed rate debt			**515,871**	366,226
Total floating rate debt			—	—
Total mortgage notes payable (7)			**$ 515,871**	$ 366,226

(1) Held in bankruptcy remote special purpose entity.
(2) This mortgage has a contractual maturity date of October 11, 2030.
(3) 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. This loan was repaid on July 31, 2003.
(4) The Company entered into an interest rate protection agreement which fixed the LIBOR interest rate at 6.10% at December 2003 since LIBOR was 1.12% at that date. If LIBOR exceeds 6.10%, the loan will float until the maximum LIBOR rate of 6.58% is reached. On December 9, 2003, this mortgage was repaid and replaced with an unsecured term loan in the amount of $67,578 containing identical terms.
(5) This asset was classified as held for sale at December 31, 2002. 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 mortgage was assumed by the purchaser on May 21, 2003, upon sale of the property.
(7) Excludes $22,178 loan obtained to fund a structured finance transaction. This loan was repaid on July 17, 2003 (see Note 5(7)).

At December 31, 2003 and 2002, the net carrying value of the properties collateralizing the mortgage notes was $594,741 and $478,100, respectively.

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 December 31, 2003, excluding extension options, are as follows:

	Scheduled Amortization	Principal Repayments	Revolving Credit Facilities	Term Loan	Total	Joint Venture Debt
2004	$ 3,395	$ —	$ 66,000	$ 67,578	$ 136,973	$ 231,651
2005	4,158	47,247	—	—	51,405	83,425
2006	4,222	—	170,000	—	174,222	79,739
2007	7,613	73,341	—	1,324	82,278	1,058
2008	7,666	—		298,676	306,342	21,863
Thereafter	29,621	338,608	—	—	368,229	55,821
	$ 56,675	$ 459,196	$ 236,000	$ 367,578	$ 1,119,449	$ 473,557

Mortgage Recording Tax - Hypothecated Loan

The Operating Partnership mortgage tax credit loans totaled approximately $45,545 from LBHI at December 31, 2003. 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 June 1, 2004. The Operating Partnership and LBHI each had the right of offset and therefore the loans and the cash collateral were presented on a net basis in the consolidated balance sheet at December 31, 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 October 24, 2002, the Company sold $116,200 of these mortgage tax credit loans to a third party, repaid an equivalent amount of the loan and realized a gain of $570 from the sale. 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 transferred $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. In July 2003, the Company sold $48,000 of mortgage tax credits and in August 2003, $17,000 to third parties and realized a gain of $1,423 from the sales. As of December 31, 2003, the LBHI facility had total capacity of $200,000.

10. Revolving Credit Facilities

Unsecured Revolving Credit Facility
On March 17, 2003, the Company renewed its $300,000 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 at any time prior to the maturity date. 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 annually in arrears. At December 31, 2003, $170,000 was outstanding and carried an effective annual weighted average interest rate of 2.77%. Availability under the unsecured revolving credit facility at December 31, 2003 was further reduced by the issuance of letters of credit in the amount of $4,000. The unsecured revolving credit facility includes certain restrictions and covenants (see restrictive covenants below).

Secured Revolving Credit Facility
On December 20, 2001, the Company obtained a $75,000 secured revolving credit facility. The secured revolving credit facility had a term of two years with a one-year extension option. The extension option was exercised in December 2003. It bears interest at the rate of 150 basis points over LIBOR and is secured by various structured finance investments. At December 31, 2003, $66,000 was outstanding and carried an effective annual weighted average interest rate of 2.68%. 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 Loans
On December 5, 2002, we obtained a $150,000 unsecured term loan. We immediately borrowed $100,000 under this unsecured term loan to repay approximately $100,000 of the outstanding balance under our unsecured revolving credit facility. Effective June 5, 2003, the unsecured term loan was upsized to $200,000 and the term was extended by six months to June 2008. As of December 31, 2003, we had $200,000 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 $100,000 of the 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 5.07%. On July 31, 2003, we drew down $65,000 to repay the mortgage on 317 Madison Avenue. The LIBOR rate on the $65,000 was fixed at 4.01% through October 2005. On December 5, 2003, we drew down $35,000. The LIBOR rate on the $35,000 was fixed at 1.45% for the first year and 4.113% for years two through five for a blended all-in rate of 5.01%. The effective annual interest rate on the unsecured term loan was 3.63% at December 31, 2003.

On December 29, 2003, the Company closed on a $100.0 million five-year non-recourse term loan secured by a pledge of the Company's partnership interest in 1221 Avenue of the Americas. This term loan has a floating rate of 150 basis points over the current LIBOR rate (all-in rate of 2.62% at December 31, 2003).

Restrictive Covenants
The terms of the unsecured and secured revolving credit facilities and the term loans 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. As of December 31, 2003 and 2002, the Company was in complined with all such covenants.

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 an estimated fair value based on discounted cash flow models of approximately $805,233, which exceeds the book value by $21,783. Structured finance investments are carried at amounts, which reasonably approximate their fair value as determined by the Company.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 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 January 1, 2004 to 2021. 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 December 31, 2003 for the wholly-owned properties and the Company's share of joint venture properties are as follows:

	Wholly-Owned Properties	Joint Venture Properties
2004	$ 238,345	$ 122,689
2005	228,042	119,539
2006	213,822	117,839
2007	197,160	112,258
2008	184,366	103,215
Thereafter	668,532	492,670
	$ 1,730,267	$ 1,068,210

13. Related Party Transactions

Cleaning Services
First Quality Maintenance, L.P., or First Quality, 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 former 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 $4,258 in 2003, $3,446 in 2002 and $3,591 in 2001. 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, 2012 and provides for annual rental payments of approximately $295.

Security Services
Classic Security LLC, or 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 the Company for such services was approximately $3,678 in 2003, $3,213 in 2002 and $2,214 in 2001.

Messenger Services
Bright Star Couriers LLC, or 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 the Company for such services was approximately $145 in 2003, $87 in 2002 and none in 2001.

Leases
Nancy Peck and Company leases 2,013 square feet of space at 420 Lexington Avenue, pursuant to a lease that expires on June 30, 2005 and provides for annual rental payments of approximately $64. Nancy Peck and Company is owned by Nancy Peck, the wife of Stephen L. Green. The rent due pursuant to the lease is offset against a consulting fee of $10 per month the Company pays to her pursuant to a consulting agreement, which is cancelable upon 30-days notice.

Brokerage Services
Sonnenblick-Goldman Company, or Sonnenblick, a nationally recognized real estate investment banking firm, provided mortgage brokerage services with respect to securing approximately $85,000 of aggregate first mortgage financing for 1250 Broadway in 2001 and $35,000 of first mortgage financing for 673 First Avenue in 2003. Mr. Morton Holliday, the father of Mr. Marc Holliday, was a Managing Director of Sonnenblick at the time of the financings. The fees paid by the Company to Sonnenblick for such services was approximately $175 in 2003, none in 2002 and $319 in 2001. In 2003, the Company also paid $623 to Sonnenblick in connection with the acquisition of 461 Fifth Avenue and $225 in connection with the refinancing of 180 Madison Avenue.

Investments

The ownership interests in NJMA Centennial, an entity in which we held an indirect non-controlling 10% ownership interest, were sold in May 2003 for $4,500 to NJMA Centennial Owners, LLC, the managing member of which is an affiliate of the Schultz Organization. The sole asset of NJMA Centennial is 865 Centennial Avenue, a 56,000 square foot office/industrial property located in Piscataway, New Jersey. Under NJMA Centennial's Operating Agreement, we had no authority with respect to the sale. Marc Holliday, one of our executive officers, invested $225 in a non-managing membership interest in the entity acquiring the property. Our board of directors determined that this was not an appropriate investment opportunity for us and approved the investment by the executive officer prior to the transaction occurring.

Management Fees
S.L. Green Management Corp. receives property management fees from an entity in which Stephen L. Green owns an interest. The aggregate amount of fees paid to S.L. Green Management Corp. from such entity was approximately $237 in 2003, $242 in 2002 and $206 in 2001.

Amounts due from (to) related parties at December 31 consisted of the following:

	2003	2002
17 Battery Condominium Association	**$ 290**	$ (203)
110 Condominium Association	**—**	233
Morgan Stanley Real Estate Funds	**62**	531
100 Park	**—**	347
One Park Realty Corp.	**31**	31
JV-CMBS	**559**	559
Officers and employees	**1,743**	1,534
Service Corp.	**1,650**	—
Other	**2,275**	1,836
Related party receivables	**$ 6,610**	$ 4,868

On January 17, 2001, Mr. Marc Holliday, the Company's then president, received a non-recourse loan from the Company in the principal amount of $1,000 pursuant to his amended and restated employment and non-competition 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 the Company 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. The balance outstanding on this loan, including accrued interest, was $284 on December 31, 2003. 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 non-competition agreement is forgiven.

14. Preferred Stock

The Company's 4,600,000 8% Preferred Income Equity Redeemable Shares, or PIERS, were non-voting and were 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 PIERS received annual dividends of $2.00 per share paid on a quarterly basis and dividends were cumulative, subject to certain provisions. On or after July 15, 2003, the PIERS could 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 could 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 were being accreted over the expected term of the PIERS using the interest method. The PIERS were converted into 4,698,880 shares of common stock on September 30, 2003. No charge was recorded to earnings as the conversion was not a redemption or an induced conversion to common stock.

15. Stockholders' Equity

Common Stock
The authorized capital stock of the Company consists of 200,000,000 shares, $.01 par value, of which the Company has authorized the issuance of up to 100,000,000 shares of common stock, $.01 par value per share, 75,000,000 shares of excess stock, at $.01 par value per share, and 25,000,000 shares of preferred stock, par value $.01 per share. As of December 31, 2003, 36,015,791 shares of common stock and no shares of excess stock were issued and outstanding.

On July 25, 2001, the Company completed the sale of 5,000,000 shares of common stock. The net proceeds from this offering ($148,387) were initially used to pay down amounts outstanding under the unsecured credit facility.

Preferred Stock
On December 12, 2003, the Company completed the sale of 6,300,000 shares of 7.625% Series C cumulative redeemable preferred stock, or the Series C preferred stock, (including the underwriters' over-allotment option of 700,000 shares) with a mandatory liquidation preference of $25.00 per share. Net proceeds from this offering (approximately $152,000) were used principally to repay amounts outstanding under the secured and unsecured revolving credit facilities. The Series C preferred stock receive annual dividends of $1.90625 per share paid on a quarterly basis and dividends are cumulative, subject to certain provisions. On or after December 12, 2008, the Series C preferred stock may be redeemed for cash at the option of the Company. The Series C preferred stock was recorded net of underwriters discount and issuance costs.

Rights Plan

On February 16, 2000, the Board of Directors of the Company authorized a distribution of one preferred share purchase right, or 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, or Preferred Shares, at a price of $60.00 per one one-hundredth of a Preferred Share, or 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, or 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, or 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.

During the years ended December 31, 2003 and 2002, respectively, 68,453 and 71 shares were issued and $2,520 and $2 proceeds were received, respectively, from dividend reinvestments and/or stock purchases under the DRIP. DRIP shares may be issued at a discount to the market price.

2003 Long-Term Outperformance Compensation Program

At the May 2003 meeting of the Company's board of directors, the board ratified a long-term, seven-year compensation program for senior management. The program, which measures the Company's performance over a 48-month period (unless terminated earlier) commencing April 1, 2003, provides that holders of the Company's common equity are to achieve a 40% total return during the measurement period over a base of $30.07 per share before any restricted stock awards are granted. Management will receive an award of restricted stock in an amount between 8% and 10% of the excess return over the baseline return. At the end of the four-year measurement period, 40% of the award will vest on the measurement date and 60% of the award will vest ratably over the subsequent three years based on continued employment. Any restricted stock to be issued under the program will be allocated from the Company's Stock Option Plan (as defined below), which was previously approved through a stockholder vote in May 2002. The Company will record the expense of the restricted stock award in accordance with SFAS 123. The fair value of the award on the date of grant was determined to be $3,200. Forty percent of the value of the award will be amortized over four years and the balance will be amortized at 20% per year over five, six and seven years, respectively, such that 20% of year five, 16.67% of year six, and 14.29% of year seven will be recorded in year one. The total value of the award (capped at $25,500) will determine the number of shares assumed to be issued for purposes of calculating diluted earnings per share. Compensation expense of $485 was recorded during the year ended December 31, 2003.

Stock Option Plan

During August 1997, the Company instituted the 1997 Stock Option and Incentive Plan, or 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 December 31, 2003, approximately 4,581,876 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.

A summary of the status of the Company's stock options as of December 31, 2003, 2002 and 2001 and changes during the years then ended are presented below:

	2003		2002		2001	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Balance at beginning of year	**3,278,663**	**$ 25.49**	2,598,066	$ 23.76	2,371,820	$ 21.94
Granted	**327,000**	**$ 35.09**	1,050,000	$ 28.25	561,000	$ 29.28
Exercised	**(347,099)**	**$ 22.14**	(321,846)	$ 20.64	(260,090)	$ 20.33
Lapsed or cancelled	**(8,333)**	**$ 24.52**	(47,557)	$ 23.32	(74,664)	$ 19.49
Balance at end of year	**3,250,231**	**$ 26.80**	3,278,663	$ 25.49	2,598,066	$ 23.75
Options exercisable at end of year	**1,404,467**	**$ 23.41**	1,182,902	$ 22.62	1,022,641	$ 21.85
Weighted average fair value of options granted during the year	$ **1,150**		$ 3,515		$ 1,817	

All options were granted within a price range of $18.44 to $36.55. The remaining weighted average contractual life of the options was 7.4 years.

Earnings Per Share

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

Numerator (Income)	2003	2002	2001
Basic Earnings:			
Income available to common shareholders	**$ 90,447**	$ 64,641	$ 53,343
Effect of Dilutive Securities:			

Redemption of Units to common shares	**6,295**	4,752	4,600
Preferred Stock (as converted to common stock)	**7,087**	9,690	—
Stock options	—	—	—
Diluted Earnings:			
Income available to common shareholders	**$ 103,829**	$ 79,083	$ 57,943

Denominator (Shares)	2003	2002	2001
Basic Shares:			
Shares available to common shareholders	**32,265**	30,236	26,993
Effect of Dilutive Securities:			
Redemption of Units to common shares	**2,305**	2,208	2,283
Preferred Stock (as converted to common stock)	**3,491**	4,699	—
Stock-based compensation plans	**909**	643	532
Diluted Shares	**38,970**	37,786	29,808

The PIERS outstanding in 2003, 2002 and 2001 were not included in the 2001 computation of earnings per share as they were anti-dilutive during that period.

16. Minority Interest

The unit holders represent the minority interest ownership in the Operating Partnership. As of December 31, 2003 and 2002, the minority interest unit holders owned 6.0% (2,305,955 units) and 6.6% (2,145,190 units) of the Operating Partnership, respectively. At December 31, 2003, 2,305,955 shares of common stock were reserved for the conversion of units of limited partnership interest in the Operating Partnership.

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.

On May 15, 2002, the Operating Partnership issued 28,786 units of limited partnership interest in connection with the acquisition of 1515 Broadway.

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 $3,264, $2,734 and $2,739 during the years ended December 31, 2003, 2002 and 2001, respectively. Separate actuarial information regarding such plans is not made available to the contributing employers by the union administrators or trustees, since the plans do not maintain separate records for each reporting unit.

Executive Stock Compensation
During July 1998, the Company issued 150,000 shares in connection with an employment contract. These shares vest annually at rates of 15% to 35% and were recorded at fair value. At December 31, 2003, 129,483 of these shares had vested. The Company recorded compensation expense of approximately $445, $713 and $616 for the years ended December 31, 2003, 2002 and 2001, respectively.

Effective January 1, 1999, the Company implemented a deferred compensation plan, or the Deferred Plan, covering certain executives of the Company. In connection with the Deferred Plan, the Company issued 211,750, 17,500 and 165,500 restricted shares in 2003, 2002 and 2001, respectively. The shares issued under the Deferred Plan were granted to certain executives and vesting will occur annually upon the Company meeting established financial performance criteria. Annual vesting occurs at rates ranging from 15% to 35% once performance criteria are reached. As of December 31, 2003, 234,450 of these shares had vested and 110,650 had been retired. The Company recorded compensation expense of approximately $2,018, $685, and $1,011 for the years ended December 31, 2003, 2002 and 2001, respectively.

Deferred Compensation Award
Contemporaneous with the closing of 1370 Avenue of the Americas, an award of $2,833 was granted to several members of management 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 December 31, 2003 the complete award had been paid.

401(K) Plan
During August 1997, the Company implemented a 401(K) Savings/Retirement Plan, or the 401(K) Plan, to cover eligible employees of the Company and any designated affiliate. The 401(K) Plan permits eligible employees of the Company to defer up to 15% of their annual compensation, subject to certain limitations imposed by the Code. The employees' elective deferrals are immediately vested and non-forfeitable upon contribution to the 401(K) Plan. During 2000, the Company amended its 401(K) Plan to include a matching contribution, subject to ERISA limitations, equal to 50% of the first 4% of annual compensation deferred by an employee. During 2003, the Company amended its 401(K) Plan to provide for discretionary matching contributions only. For the years ended December 31, 2003, 2002 and 2001, the Company made matching contributions of none, $140 and $116, respectively.

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 and the Operating Partnership.

On October 24, 2001, an accident occurred at 215 Park Avenue South, a property which the Company manages, but does not own. Personal injury and wrongful death claims were 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. Eight executives have employment agreements which expire between February 2004 and January 2010. The cash-based compensation associated with these employment agreements totals approximately $2,796 for 2004.

During March 1998, the Company acquired an operating sub-leasehold position at 420 Lexington Avenue. The operating sub-leasehold position requires annual ground lease payments totaling $6,000 and sub-leasehold position payments totaling $1,100 (excluding an operating sub-lease position purchased January 1999). 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 operates under a net ground lease ($348 annually) with a term expiration date of 2016 and with an option to renew for an additional 50 years.

The property located at 711 Third Avenue operates under an operating sub-lease which expires in 2083. Under the sub-lease, the Company is responsible for ground rent payments of $1,600 annually 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 461 Fifth Avenue operates under a ground lease ($1,787 annually) with a term expiration date of 2006 and with three options to renew for an additional 21 years each, followed by a fourth option for 15 years. The Company also has an option to purchase the ground lease for a fixed price on a specific date.

The property located at 125 Broad Street operates under a ground lease ($426 annually) with a term expiration date of December 31, 2067 and with an option to renew for an additional five years and six months. The Company can acquire the ground lease at specified times in the future at a fixed price. The Company has exercised its option to acquire its portion of the underlying fee interest for $5,900. This transaction is expected to close during the third quarter of 2004.

In April 1988, the SL Green predecessor entered into a lease agreement for property at 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 $3,850, and $3,579 at December 31, 2003 and 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 December 31, 2003.

December 31,	Capital lease	Non-cancellable operating leases
2004	$ 1,290	$ 14,195
2005	1,322	14,195
2006	1,416	13,301
2007	1,416	12,408
2008	1,416	12,408
Thereafter	54,736	310,283
Total minimum lease payments	61,596	$ 376,790
Less amount representing interest	45,428	
Present value of net minimum lease payments	$ 16,168	

19. Financial Instruments: Derivatives and Hedging

FASB No. 133, or SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," 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 December 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%	12/1999	11/2004	$ (2,753)
Interest Rate Swap	$ 65,000	4.010%	11/2001	8/2005	(2,341)

Interest Rate Swap	$ 100,000	4.060%	12/2003	12/2007	(3,597)
Interest Rate Swap	$ 35,000	1.450%	12/2003	12/2004	(34)
Interest Rate Swap	$ 35,000	4.113%	12/2004	6/2008	(284)

On December 31, 2003, the derivative instruments were reported as an obligation at their fair value of $9,009. Offsetting adjustments are represented as deferred gains or losses in Accumulated Other Comprehensive Loss of $961, including a gain of $8,065 from the settlement of a forward swap. Currently, all derivative instruments are designated as effective hedging instruments.

Over time, the realized and 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 $6,331 of the current balance held in Accumulated Other Comprehensive Loss will be reclassified into earnings within the next 12 months.

The Company is hedging exposure to variability in future cash flows for forecasted transactions in addition to 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 years ended December 31, 2003, 2002 and 2001, and selected asset information as of December 31, 2003 and 2002, regarding the Company's operating segments are as follows:

	Real Estate Segment	Structured Finance Segment	Total Company
Total revenues			
Year ended:			
December 31, 2003	$ 286,871	$ 22,086	$ 308,957
December 31, 2002	213,781	23,176	236,957
December 31, 2001	223,399	17,369	240,768
Income from continuing operations before minority interest:			
Year ended:			
December 31, 2003	$ 56,428	$ 18,751	$ 75,179
December 31, 2002	56,787	15,446	72,233
December 31, 2001	44,167	12,391	56,558
Total assets			
As of:			
December 31, 2003	$ 2,042,852	$ 218,989	$ 2,261,841
December 31, 2002	1,327,530	145,640	1,473,170

Income from continuing operations before minority interest 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 ($17,131, $13,282 and $15,374, for the years ended December 31, 2003, 2002 and 2001, 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 income from continuing operations before minority interest to net income available to common shareholders for the years ended December 31, 2003, 2002 and 2001.

	Years ended December 31,		
	2003	2002	2001
Income from continuing operations before minority interest	**$ 75,179**	$ 72,233	$ 56,558
Equity in net gain on sale of joint venture property	**3,087**	—	—
Gain on sale of rental properties	**—**	—	4,956
Minority interest in operating partnership attributable to continuing operations	**(4,545)**	(4,286)	(4,084)
Minority interest in partially-owned entities	**(79)**	—	—

Income from continuing operations before cumulative effect adjustment	**73,642**	67,947	57,430
Cumulative effect of change in accounting principle, net of minority interest	**—**	—	(532)
Net income from continuing operations	**73,642**	67,947	56,898
Income from discontinued operations, net of minority interest	**24,517**	6,384	6,103
Net income	**98,159**	74,331	63,001
Preferred stock dividends	**(7,318)**	(9,200)	(9,200)
Preferred stock accretion	**(394)**	(490)	(458)
Net income available for common shareholders	**$ 90,447**	$ 64,641	$ 53,343

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

	Years ended December 31,	
	2003	**2002**
Issuance of common stock as deferred compensation	**$ 6,670**	$ 588
Cancellation of common stock as deferred compensation	**—**	1,122
Derivative instruments at fair value	**(9,009)**	(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 141) in connection with acquisitions	**(2,995)**	—
Fair value of debt assumed (SFAS 141) in connection with acquisition	**3,232**	—
Redemption premium purchase price adjustment	**4,380**	—
Assignment of mortgage note payable upon sale of real estate	**14,814**	—
Conversion of preferred equity investment	**53,500**	
Conversion of Series A preferred stock	**112,112**	—
Assumption of our share of joint venture mortgage note payable	**78,750**	—
Tenant improvements and leasing commissions payable	**14,533**	5,448

23. Quarterly Financial Data (unaudited)

As a result of the adoption of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," and Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statements No. 4, 44, and 62, Amendment of FASB Statement No. 13, and Technical Corrections," we are providing updated summary selected quarterly financial information, which is included below reflecting the prior period reclassification as discontinued operations of the property classified as held for sale during 2002 and the prior period reclassification to interest expense of extraordinary losses from early extinguishment of debt.

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

2003 Quarter Ended	**December 31**	**September 30**	**June 30**	**March 31**
Total revenues	$ 86,602	$ 81,324	$ 74,351	$ 66,678
Income net of minority interest and before gain on sale	19,196	17,414	17,315	16,790
Equity in net gain on sale of joint venture property	3,087	—	—	—
Discontinued operations	9	482	958	1,733
Gain on sale of discontinued operations	—	3,745	(300)	17,824
Net income before preferred dividends	22,292	21,641	17,973	36,347
Preferred dividends and accretion	(625)	(2,224)	(2,431)	(2,431)
Income available to common shareholders	$ 21,667	$ 19,417	$ 15,542	$ 33,916
Net income per common share-Basic	$ 0.60	$ 0.62	$ 0.50	$ 1.11
Net income per common share-Diluted	$ 0.58	$ 0.59	$ 0.49	$ 1.01

2002 Quarter Ended	**December 31**	**September 30**	**June 30**	**March 31**
Total revenues	$ 60,654	$ 60,803	$ 57,920	$ 57,582
Income net of minority interest and before gain on sale	17,510	17,722	16,478	16,250
Discontinued operations	1,656	1,714	1,620	1,386
Net income before preferred dividends	19,166	19,436	18,098	17,636
Preferred dividends and accretion	(2,423)	(2,423)	(2,423)	(2,423)
Income available to common shareholders	$ 16,743	$ 17,013	$ 15,675	$ 15,213
Net income per common share-Basic	$ 0.55	$ 0.56	$ 0.52	$ 0.51
Net income per common share-Diluted	$ 0.54	$ 0.54	$ 0.51	$ 0.50

24. Subsequent Events

In January 2004, the Company funded $77,500 of structured finance investments. In addition, a $14,926 loan was redeemed.

On January 16, 2004, the Company sold 1,800,000 shares of its common stock at a gross price of $42.33 per share. The net proceeds from this offering ($73,900) were used to pay down our unsecured revolving credit facility which had a balance of $121,000 on February 27, 2004.

On January 5, 2004, Marc Holliday was promoted to chief executive officer of the Company. Mr. Holliday, 37, joined us in 1998 as chief investment officer and remains president, a post he has held since 2001. Stephen L. Green, founder and prior chief executive officer, will continue in his position as chairman of the board of directors and will be a full-time executive officer of the Company. In connection with Mr. Holliday's promotion to chief executive officer, we have amended his employment agreement to extend it through January 2010. Pursuant to the amended employment agreement, Mr. Holliday will receive an additional 270,000 restricted shares of our common stock plus a 40% gross-up for income taxes. 95,000 of the restricted shares will vest immediately and be non-transferable for a period of two years. The balance of the restricted shares will vest over the remaining term of the employment agreement subject to achieving certain time and performance criteria.

On February 3, 2004, Gregory F. Hughes was appointed chief financial officer of the Company. Mr. Hughes succeeded Thomas E. Wirth, who will remain with us until at least April 30, 2004 to assist with the transition. We also announced that Michael W. Reid, our chief operating officer, will leave the Company effective April 30, 2004 to pursue a business venture.

On January 16, 2004, the Company entered into a $65,000 serial swap on a portion of the unsecured term loan commencing August 2005, with an initial 12-month rate of 3.30% and an all-in blended rate of 5.45%.

On February 27, 2004, the Company entered into an agreement to acquire the property located at 19 West 44th Street for $67,000, including the assumption of a $47,500 mortgage, with the potential for up to an additional $2,000 in consideration based on property performance. The Company currently holds a $7,000 preferred equity investment in the property which will be redeemed at the closing. We expect that this acquisition, which is subject to customary closing conditions, will close in March 2004.

SL Green Realty Corp.
Schedule III-Real Estate And Accumulated Depreciation
December 31, 2003

(Dollars in thousands)

Column A	Column B	Column C Initial Cost		Column D Cost Capitalized Subsequent To Acquisition		Column E Gross Amount at Which Carried at Close of Period			Column F	Column G	Column H	Column I
Description (1)	Encumbrances	Land	Building & Improvements	Land	Building & Improvements	Land	Building & Improvements	Total	Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which Depreciation is Computed
70 West 36th Street	$ 11,791	$ 1,517	$ 7,830	$ 13	$ 6,295	$ 1,530	$ 14,125	$ 15,655	$ 6,056		12/19/84	Various
1414 Ave. of Amer.	13,532	2,948	6,936	60	4,322	3,008	11,258	14,266	2,231		6/18/96	Various
673 First Ave.	35,000	—	43,618	—	2,979	—	46,597	46,597	19,534		8/20/97	Various
470 Park Ave. So.	—	3,750	22,040	1	15,621	3,751	37,661	41,412	14,953		8/20/97	Various
1372 Broadway	—	10,478	42,187	67	9,887	10,545	52,074	62,619	9,966		8/20/97	Various
1140 Ave. of Amer.	—	—	21,304	—	5,371	—	26,675	26,675	4,222		8/20/97	Various
17 Battery Place	—	7,237	29,080	21	7,657	7,258	36,737	43,995	6,384		12/19/97	Various
110 E. 42nd Street	—	3,680	14,842	26	4,218	3,706	19,060	22,766	4,764		9/15/97	Various
1466 Broadway	—	11,643	53,608	—	20,471	11,643	74,079	85,722	13,409		3/18/98	Various
420 Lexington Ave.	121,324	—	107,824	—	51,586	—	159,410	159,410	25,868		3/18/98	Various
440 Ninth Ave.	—	6,326	25,402	—	18,043	6,326	43,445	49,771	8,678		6/1/98	Various
711 Third Avenue	48,036	19,843	42,486	—	14,241	19,843	56,727	76,570	9,875		5/20/98	Various
555 W. 57th Street	—	18,845	78,698	—	14,473	18,845	93,171	112,016	11,931		1/1/99	Various
286 Madison Ave	—	2,474	10,332	—	2,288	2,474	12,620	15,094	1,454		5/24/99	Various
290 Madison Ave.	—	1,576	6,616	—	558	1,576	7,174	8,750	811		5/24/99	Various
292 Madison Ave.	—	5,949	24,141	—	4,126	5,949	28,267	34,216	3,175		5/24/99	Various
317 Madison Ave.	—	21,205	85,551	—	7,167	21,205	92,718	113,923	6,480		6/7/01	Various
220 East 42nd Street	210,000	50,373	201,184		5,655	50,373	206,839	257,212	4,783		2/13/03	Various
125 Broad Street	76,188	—	96,611		499	—	97,110	97,110	1,804		3/28/03	Various
461 Fifth Avenue	—	—	62,652		—	—	62,652	62,652	390		10/1/03	Various
	$ 515,871	$ 167,844	$ 982,942	$ 188	$ 195,457	$ 168,032	$ 1,178,399	$ 1,346,431	$ 156,768			

(1) All properties located in New York, New York

The changes in real estate for the three years ended December 31, 2003 are as follows:

	2003	2002	2001
Balance at beginning of year	$ 975,777	$ 984,375	$ 895,810
Property acquisitions	410,937	—	390,034
Improvements	31,617	32,123	27,752
Retirements/disposals	(71,900)	(40,721)	(329,221)
Balance at end of year	$ 1,346,431	$ 975,777	$ 984,375

The aggregate cost of land, buildings and improvements, before depreciation, for Federal income tax purposes at December 31, 2003 was approximately $1,277,000.

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, and furniture and fixtures, for the three years ended December 31, 2003, are as follows:

	2003	2002	2001
Balance at beginning of year	$ 126,669	$ 100,776	$ 78,432
Depreciation for year	37,614	30,907	30,248
Retirements/disposals	(7,515)	(5,014)	(7,904)
Balance at end of year	$ 156,768	$ 126,669	$ 100,776

Report of Independent Auditors

The Stockholders and Board of Directors of
Rock-Green, Inc.

We have audited the accompanying consolidated balance sheet of Rock-Green, Inc. (formerly Rock-McGraw, Inc.) (the "Company") as of December 31, 2003, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Rock-Green, Inc. at December 31, 2003, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

New York, New York
January 22, 2004

ROCK-GREEN, INC.
(Formerly Rock-McGraw, Inc.)
CONSOLIDATED BALANCE SHEET
December 31, 2003
(Thousands of dollars, except per share data)

	2003
Assets	
Current assets:	
Cash and cash equivalents	$ 14,379
Accounts receivable, net of allowance of $211	1,955
Due from related parties	651
Prepaid real estate taxes	11,284
	28,269
Investments:	
Investment portfolio	2,570
Fixed Assets, at cost:	
Land	24,508
Building and improvements	218,466
Other fixed assets	1,074
	244,048
Less accumulated depreciation	(115,502)
	128,546
Deferred costs, net of accumulated amortization of $36,256	79,223
Deferred rents receivable, net	57,703
Other assets	3,666
Total Assets	$ 299,977
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable and accrued expenses	$ 5,234
Due to related parties	701
Accrued federal, state and local taxes	1,944
Deferred revenue	3,592
	11,471
Loan payable	175,000
Other non-current liabilities	206
Deferred taxes	41,176
Stockholders' Equity:	

Capital stock, $2 par value; 2,000 shares, authorized, issued and outstanding	4
Additional paid-in capital	64,887
Retained earnings	7,233
	72,124
Total liabilities and stockholders' equity	$ 299,977

ROCK-GREEN, INC.
(Formerly Rock-McGraw, Inc.)
CONSOLIDATED STATEMENT OF INCOME
Year ended December 31, 2003
(Thousands of dollars)

	2003
Rental revenues:	
Fixed, percentage and sublease revenues	$ 92,336
Operating and real estate tax escalations	8,411
Rental revenues from related parties	23,683
Total rental revenues	124,430
Sales of services	6,991
Sales of services to related parties	1,207
Total revenues	132,628
Operating expenses:	
Real estate taxes	22,118
Building operating expenses	17,457
Building operating expenses from related parties	6,965
Cost of service sales	4,438
Cost of service sales to related parties	586
Total operating expenses	51,564
Gross operating profit	81,064
Other operating expense (income):	
Interest expense	583
Interest income	(1,327)
Depreciation expense	4,977
Amortization expense	7,421
General and administrative expenses	606
Other income	(460)
Income before provision for taxes	69,264
Provision for taxes	31,831
Net Income	$ 37,433

ROCK-GREEN, INC.
(Formerly Rock-McGraw, Inc.)
CONSOLIDATED STATEMENT OF
CHANGES IN STOCKHOLDERS' EQUITY
Year ended December 31, 2003
(Thousands of dollars)

	Total	Common Stock	Additional Paid-in Capital	Retained Earnings
Balances at December 31, 2002	$ 264,691	$ 4	$ 64,887	$ 199,800
Net income for the year	37,433	—	—	37,433
Dividend	(230,000)	—	—	(230,000)
Balances at December 31, 2003	$ 72,124	$ 4	$ 64,887	$ 7,233

ROCK-GREEN, INC.
(Formerly Rock-McGraw, Inc.)
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2003
(Thousands of dollars)

	2003
Cash Flows from Operating Activities:	
Net income	$ 37,433
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	12,398
Amortization of premium on fixed income securities	134
Deferred taxes	1,820
Deferred rents receivable, net	(3,056)
Gain on sale of short term investments	(107)
Changes in certain assets and liabilities	(11,568)
(Decrease) due to related parties, net	(638)
Net cash provided by operating activities	36,416
Cash Flows from Investing Activities:	
Cash received from RGII relating to cash management, net	54,571
Proceeds from investment portfolio	7,653
Capital expenditures	(2,642)
Deferred expenses paid	(5,933)
Net cash provided by investing activities	53,649
Cash Flows from Financing Activities:	
Proceeds from loan payable	175,000
Principal repayment of mortgage loan payable	(19,250)
Dividends distributions	(230,000)
Deferred financing cost	(1,436)
Net cash used in financing activities	(75,686)
Net increase in cash and cash equivalents	14,379
Cash and cash equivalents, beginning of year	—
Cash and cash equivalents, end of year	$ 14,379
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest expense	$ 332
Income taxes	$ 32,448

1. Organization

Rock-McGraw, Inc. (the Company), a New York State corporation, is 55% owned by Rockefeller Group International, Inc. (RGII) and was 45% owned by The McGraw-Hill Companies, Inc. (MHC) prior to December 29, 2003. On December 29, 2003, MHC sold its 45% ownership interest in the Company to Green Hill Acquisition, LLC (GHA). Thereafter, the Company changed its name to Rock-Green, Inc. The Company owns and operates a 2.5 million square foot office building (the Property) known as the McGraw-Hill Building located at 1221 Avenue of the Americas, New York, New York. In addition, the Company owns two small properties adjacent to the Property totaling approximately 17,000 s.f.

To position the Company to operate as a real estate investment trust (REIT) in 2004, the following actions were taken. On December 22, 2003, the Company contributed its net assets, exclusive of the two small properties, to a new wholly-owned subsidiary, 1221 Avenue Holdings LLC. On December 23, 2003, 1221 Avenue Holdings LLC repaid its $19.3 million mortgage, obtained a new loan of $175 million and distributed $230 million to the Company. Thereafter, the Company paid dividends totaling $230 million to RGII and MHC. (See Note 5).

2. REIT election

The Company agrees that it will file an election to qualify as a REIT under the Tax Code for the taxable year ending December 31, 2004 and during all subsequent years.

The Company has historically been subject to taxes as a C corporation. The Company intends to elect to be taxed as a REIT, commencing with its taxable year ending December 31, 2004, upon the filing of its federal income tax return for that year. Qualification and taxation as a REIT depends upon the Company's ability to satisfy various asset, income and distribution requirements on a continuing basis. The Company believes that its organizational and operational structure as well as its intended distributions will enable it to qualify as a REIT and maintain such status in the future. As a REIT, the Company will be entitled to a deduction for dividends that it pays and therefore will not be subject to federal income tax on its taxable income that is currently distributed to its shareholders.

In order to enable the Company to qualify as a REIT in 2004, the Company was required to pay a dividend of its accumulated Earnings & Profits (E&P) by the end of 2003. The Company, accordingly, paid a dividend of $230 million, which it believes to be sufficient to meet this requirement.

As a REIT, the Company will be subject to corporate level tax (built-in gains tax) on any appreciated property (i.e., property whose fair market value exceeds its adjusted tax basis as of the date of conversion) that it owned as of the date of conversion to a REIT if such property is disposed of in a taxable transaction at any time through 2013. The built-in gains tax applies to that portion of the gain equal to the excess of the fair market value of the property over its tax basis as of the date of conversion. The Company does not intend to enter into any taxable sale of its property during this period.

Upon the effective date of the Company's change in tax status, it will reduce its deferred and other tax liabilities, which will result in a benefit of approximately $39 million in 2004.

3. Significant Accounting Policies

(a) Principles of consolidation

The consolidated financial statements include accounts of the Company and its subsidiaries, all of which are wholly-owned by the Company. All significant intercompany balances and transactions have been eliminated.

(b) Investments

Management determines the appropriate classification of debt securities at the time of purchase and reevaluates this designation at each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. These investments are carried at amortized cost and are not adjusted for changes in market value.

The recorded cost of debt securities classified as held-to-maturity is adjusted for amortization of premiums and accretion of discounts to maturity. Amortization and accretion amounts are classified as components of investment income. The cost of securities sold is based on the specific identification method.

(c) Cash and cash equivalent

The Company considers all highly liquid financial instruments purchased with maturity of three months or less to be cash equivalents.

(d) Fixed assets

Land, building and improvements, and other fixed assets are carried at cost. Expenditures for maintenance and repairs are expensed as incurred. All direct and indirect costs of acquisition of the building have been capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the building (50 year) and other depreciable assets (5-35 yrs).

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, long-lived assets, such as building and improvements, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

(e) Revenue Recognition

The Company accounts for all leases as operating leases. Deferred rents receivable, net, including free rental periods and lease arrangements allowing for increasing base rental payments, are accounted for in a manner that provides an even amount of fixed lease revenues over the respective lease terms in accordance with the provisions of SFAS No. 13, Accounting for Leases.

Differences between rental income recognized and amounts due per the respective lease agreements are credited or charged, as applicable, to deferred rents receivable. The Company recorded $3,056,000 of excess rents over amounts contractually due pursuant to tenant lease terms for the year ended December 31, 2003.

(f) Income Taxes

Deferred taxes result principally from differences in tax and financial statement reporting for deferred rents receivable and depreciation expense.

(g) Fair value of financial instruments

The estimated fair value of financial instruments has been determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value.

(h) Accounts Receivable

The reserve method is utilized for computing any bad debt expenditures, with a valuation allowance being recorded to reduce receivables to the net amount expected to be collected. There were no writeoffs in 2003.

(i) Deferred Expenses

Deferred expenses, which represent certain expenditures incurred in obtaining new tenants and preparing the premises for occupancy, are amortized using the straight-line method over the terms of the related tenants' leases or its estimated useful life, whichever is shorter.

Deferred costs incurred in connection with obtaining debt financing are being amortized over the term of the loan using the straight-line method, which approximates the effective interest rate method.

(j) Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States requires management of the Company to make estimates and assumptions relating to the reported amount of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Significant items subject to such estimates and assumptions include the carrying amount and estimation of useful lives of property and improvements; and valuation allowances for receivables. Actual results could differ from those estimates.

4. Investments

At December 31, 2003, the amortized cost of the investment portfolio was $2,570,000. The investments consist of debt securities classified as held-to-maturity which bear interest at fixed rates ranging from 3.98% to 7.75% at December 31, 2003, and mature at various dates from 2004 through 2005. The fair value of these investments is estimated on the basis of quoted market prices or fair values of similar investments which are actively traded. At December 31, 2003, the amortized cost of the Company's investments approximated the fair value.

During 2003, the Company sold three debt securities for $4.7 million, realizing a pretax gain of approximately $107,000. Additionally, three debt securities were redeemed at maturity for $3.0 million. In February 2004, the Company sold the remaining two debt securities for $2.6 million, realizing a pretax gain of approximately $33,000. The liquidation of the investment portfolio was effected in preparation for the conversion to REIT status.

5. Loan Payable

On December 23, 2003, the Company obtained a Loan in the original principal amount of $175 million from a Bank, which matures on December 23, 2006.

The Loan bears interest at the option of the Company at the Adjusted Eurodollar Rate (Eurodollar Rate plus a margin) or the Adjusted Base Rate (Base Rate plus a margin, with Base Rate defined as the greater of Federal Fund Rate plus a margin or the Prime Rate). Interest is due on the outstanding principal balance in arrears. The loan carried an average interest rate of 2.12% during 2003, and requires periodic interest payments. The entire outstanding principal balance is payable on the maturity date. The Company has the option to extend the term of the loan for two consecutive terms of one year each subject to an extension fee based on the original principal amount of the loan.

The loan may not be prepaid in whole or in part, subject to costs incurred by the Lender, prior to the Lockout Period (June 23, 2005), unless the Company has been unable to obtain REIT status by December 31, 2004.

At December 31, 2003, the carrying amount of the loan approximates fair value, which was estimated by calculating the present value of its cash flows, discounted at a fair market rate, which would currently be available.

The Company repaid its $19.3 million mortgage payable on December 23, 2003. The mortgage carried an average interest rate of l.63% during 2003. The mortgage had been collaterized by the land, building, and tenant leases.

6. Provision for taxes

The provision for taxes is summarized as follows:

($ 000s)	2003
Current:	
Federal	$ 18,871
State and local taxes	11,140
	30,011
Deferred	
Federal	1,344
State and local taxes	476
	1,820
Total provision for taxes	$ 31,831

A reconciliation between tax expense for 2003 computed by applying the federal statutory rates to the pretax book income and the actual tax provision is as follows:

	2003	
($000s)	Amount	% of pretax Income

Federal tax at statutory rates	$	24,242	35.0%
Federal tax benefit of state and local taxes and other		(4,027)	(5.8)%
Federal taxes		20,215	29.2%
State and local taxes		11,616	16.8%
Total provision for taxes	$	31,831	46.0%

The tax effects of temporary differences give rise to deferred tax liabilities (assets) and at December 31, 2003 consisted of the following items:

($ 000s)		2003
Depreciation and amortization methods	$	17,158
Lease incentives		25,476
All other items		(1,458)
Total deferred tax liabilities	$	41,176

7. Tenant Leasing Arrangements

The Company leases office, shop, and storage space to tenants in the Property through non-cancelable operating leases expiring through 2020. The leases require fixed minimum monthly payments over their terms and also adjustments to rent for the tenants' proportionate share of changes in certain costs and expenses of the building. Certain leases also provide for additional rent which is based upon a percentage of the sales of the lessee.

Minimum future rentals from tenants under noncancelable operating leases as of December 31, 2003 are approximately as follows:

($ 000s)		Total		RGII and Related Subsidiaries
Year ending December 31:				
2004	$	113,441	$	2,849
2005		112,894		2,849
2006		114,221		2,856
2007		110,754		3,012
2008		105,390		3,166
Thereafter		799,529		9,349
Total	$	1,356,229	$	24,081

Total minimum future rental income represents the base rent tenants are required to pay under the terms of their leases exclusive of charges for electric service, real estate taxes, and other escalations. Future rentals from three unrelated parties in the businesses of financial services and publishing amount to approximately 54% of total minimum future rentals listed above. Rental income from these tenants amounted to approximately 59% of total rental revenues for 2003. These tenants' leases expire in 2007, 2013 and 2020. RGII's lease expires on December 31, 2011.

8. Related party transactions

Rental revenues and sales of services included $21,557,000 from MHC for the year ended December 31, 2003. Accounts receivable included $287,000 receivable from MHC at December 31, 2003, related primarily to operating and real estate tax escalation. Rental revenues and sales of services also included $3,333,000 from RGII and related subsidiaries for the year ended December 31, 2003. Accounts receivable included $146,000 due from RGII at December 31, 2003, related primarily to operating and real estate tax escalation.

The Company receives a number of management and operating services from RGII and its affiliates. Amounts included in operating expenses for these services were $6,965,000 for the year ended December 31, 2003. The management agreement remains in effect until March 31, 2020 and shall automatically be renewed for five successive 20-year periods.

The Company participated in a cash management system under which its funds, together with the funds of other related companies, were managed by RGII, with whom the responsibility for the funds rested. The participants either earned or were charged interest at rates approximating the "AA commercial paper" rate, depending on whether they have positive or overdraft account balances in the system. As of December 23, 2003, the Company maintains its own cash account. The Company earned net interest income of $818,000 during 2003, relating to funds within the cash management system.

At December 31, 2003, the balance due to RGII affiliates, amounted to $701,000, consisted primarily of amounts for services performed by RGII affiliates.

MHC occupies under lease 443,609 square feet or 18% of the Property as of December 31, 2003. Of this space, 23,071 square feet under lease expires on April 30, 2004 and the remainder expires on March 31, 2020.

9. Cash flows from changes in certain assets and liabilities

The cash flows from changes in certain assets and liabilities of the Company as of December 31, 2003 were as follows:

($ 000s)	2003

Decrease (increase) in:	
Accounts receivable, net	$ 428
Prepaid real estate taxes	(11,284)
Other assets	(2,067)
(Decrease) increase in:	
Accrued federal, state and local taxes	(2,383)
Other current liabilities	112
Amortization of deferred financing costs	28
Other non-current liabilities	96
Accounts payable and accrued expenses	3,502
Total changes in certain assets and liabilities	$ (11,568)

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our 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 our management, including our 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-15(e). 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, we have investments in certain unconsolidated entities. As we do not control these entities, our disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those we maintain with respect to our consolidated subsidiaries.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There have been no significant changes in our internal controls that could significantly affect the internal controls subsequent to the date we completed our evaluation.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information set forth under the captions "Election of Directors" and "Principal and Management Stockholders – Compliance with Section 16(a) of the Securities Exchange Act of 1934" and the information regarding a code of ethics in our Definitive Proxy Statement for our 2004 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A under the Securities and Exchange Act of 1934, as amended, prior to April 30, 2004 (the "2004 Proxy Statement"), is incorporated herein by reference.

ITEM 11. EXECUTIVE AND DIRECTOR COMPENSATION

The information set forth under the captions "Election of Directors – Director Compensation" and "Executive Compensation" in the 2004 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information set forth under the captions "Principal and Management Stockholders" and "Equity Compensation Plan Information" in the 2004 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information set forth under the caption "Certain Relationships and Related Transactions" in the 2004 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information regarding principal accounting fees and services and the audit committee's pre-approval policies and procedures required by this Item 14 is incorporated herein by reference to the 2004 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) Consolidated Financial Statements

SL GREEN REALTY CORP.

(a)(2) Financial Statement Schedules

The consolidated financial statements of Rock-Green, Inc. are being provided to comply with applicable rules and regulations of the Securities and Exchange Commission.

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

(a)(3) Exhibits
See Index to Exhibits on following page

INDEX TO EXHIBITS

3.1	Articles of Incorporation of the Company incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.
3.2	Bylaws of the Company incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.
3.3	Articles Supplementary Establishing and Fixing the Rights and Preferences of the PIERS incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-50311), declared effective by the Commission on May 12, 1998.
3.4	Articles Supplementary Establishing and Fixing the Rights and Preferences of the Series B Junior Participating Preferred Stock included as an exhibit to Exhibit 4.1.
3.5	Articles Supplementary designating the Company's 7.625% Series C Cumulative Redeemable Preferred Stock, liquidation preference $25.00 per share, par value $.01 per share incorporated by reference to the Company's Form 8-K, dated December 3, 2003, filed with the Commission on December 10, 2003.
4.1	Rights Agreement, dated as of March 6, 2000, between the Company and American Stock Transfer & Trust Company which includes as Exhibit A thereto the Articles Supplementary Establishing and Fixing the Rights and Preferences of the Series B Junior Participating Preferred Stock and as Exhibit B thereto, the Form of Rights Certificates incorporated by reference to the Company's Form 8-K, dated March 16, 2000, filed with the Commission on March 16, 2000.
4.2	Specimen Common Stock Certificate incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.
4.3	Form of stock certificate evidencing the 7.625% Series C Cumulative Redeemable Preferred Stock of the Company, liquidation preference $25.00 per share, par value $.01 per share incorporated by reference to the Company's Form 8-K, dated December 3, 2003, filed with the Commission on December 10, 2003.
10.1	Form of Agreement of Limited Partnership of the Operating Partnership incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.
10.2	First Amended and Restated Agreement of Limited Partnership of the Operating Partnership incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.3 First Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.4 Second Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership incorporated by reference to the Company's Form 10-Q, for the quarter ended June 30, 2002, filed with the Commission on July 31, 2002.

10.5 Third Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated December 12, 2003, filed herewith.

10.6 Form of Articles of Incorporation and Bylaws of the Management Corporation incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.

10.7 Form of Registration Rights Agreement between the Company and the persons named therein incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.

10.8 Amended 1997 Stock Option and Incentive Plan incorporated by reference to the Company's Registration Statement on Form S-8 (No. 333-89964), filed with the Commission on June 6, 2002.

10.9 Employment and Non-competition Agreement between Stephen L. Green and the Company, dated August 20, 2002 incorporated by reference to the Company's Form 8-K, dated February 20, 2003, filed with the Commission on February 21, 2003.

10.10 Employment and Non-competition Agreement between Michael W. Reid and the Company, dated February 26, 2001 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.11 Amended and Restated Employment and Non-competition Agreement between Marc Holliday and the Company, dated January 17, 2001 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.12 Amended and Restated Employment and Non-competition Agreement between Gerard T. Nocera and the Company, dated September 30, 1998 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.13 Employment and Non-competition Agreement between Thomas E. Wirth and the Company, dated August 23, 2001 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.14 Amended and Restated Employment and Non-competition Agreement between Marc Holliday and the Company, dated January 1, 2004, filed herewith.

10.15 Employment and Non-competition Agreement between Andrew Mathias and the Company, dated January 1, 2004, filed herewith.

10.16 Employment and Non-competition Agreement between Gregory Hughes and the Company, dated February 3, 2004, filed herewith.

10.17 Form of June 27, 2000 Revolving Credit and Guaranty Agreement incorporated by reference to the Company's Form 8-K, dated June 27, 2000, filed with the Commission on July 12, 2000.

10.18 Amended and Restated Revolving Credit and Guaranty Agreement, dated March 17, 2003, incorporated by referenced to the Company's Form 10-Q, dated May 7, 2003, filed with the Commission on May 7, 2003.

10.19 First Amendment to Amended and Restated Revolving Credit and Guaranty Agreement, dated December 16, 2003, filed herewith.

10.20 Revolving Secured Credit and Guaranty Agreement, effective December 20, 2001 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.21 First Amendment to Revolving Secured Credit and Guaranty Agreement, dated March 30, 2001 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.22 Amended and Restated Revolving Secured Credit and Guaranty Agreement, dated December 16, 2003, filed herewith.

10.23 Amended and Restated Credit and Guaranty Agreement, dated February 6, 2003 incorporated by reference to the Company's Form 8-K, dated February 20, 2003, filed with the Commission on February 21, 2003.

10.24 First Amendment to Amended and Restated Credit and Guaranty Agreement, dated June 5, 2003, incorporated by referenced to the Company's Form 10-Q, dated August 12, 2003, filed with the Commission on August 12, 2003.

10.25 Second Amendment to Amended and Restated Credit and Guaranty Agreement, dated December 16, 2003, filed herewith.

10.26 Form of Contribution Agreement by and among Astor Plaza Venture, L.P., 1515 Broadway Associates, L.P., The Equitable Life Assurance Society of the United States and SL Green Realty Acquisition LLC incorporated by reference to the Company's Form 10-Q, for the quarter ended March 30, 2002, filed with the Commission on April 30, 2002.

10.27 Form of Contribution and Purchase and Sale Agreement between 220 News Buildings LLC and the Operating Partnership incorporated by reference to the Company's Form 8-K, dated December 12, 2002, filed with the Commission on December 13, 2002.

10.28 Modified Agreement of lease of Graybar Building dated December 30, 1957 between New York State Realty and Terminal Company with Webb & Knapp, Inc. and Graysler Corporation incorporated by reference to the Company's Form 8-K, dated February 20, 2003, filed with the Commission on February 21, 2003.

10.29 Sublease between Webb & Knapp, Inc. and Graysler Corporation and Mary F. Finnegan dated December 30, 1957 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.30 Operating Lease between Mary F. Finnegan and Rose Iacovone dated December 30, 1957 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.31 Operating Sublease between Precision Dynamic Corporation and Graybar Building Company dated June 1, 1964 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.32 Form of Agreement of Sale and Purchase dated as of January 30, 1998 between Graybar Building Company, as Seller and SL Green Operating Partnership, L.P., as Purchaser incorporated by reference to the Company's Form 8-K, dated March 18, 1998, filed with the Commission on March 31, 1998.

10.33 Share purchase agreement dated as of December 24, 2003, by and between The McGraw-Hill Companies, Inc., as seller and Green Hill Acquisition LLC as purchaser incorporated by reference to the Company's Form 8-K/A, dated December 29, 2003, filed with the Commission on January 9, 2004.

10.34 2003 Long-Term OutPerformance Compensation Program, dated April 1, 2003, incorporated by reference to the Company's Form 10-Q, dated August 12, 2003, filed with the Commission on August 12, 2003.

10.35 Separation agreement between Michael W. Reid and the Company dated February 3, 2004, filed herewith.

10.36 Interim employment agreement between Thomas E. Wirth and the Company dated February 3, 2004, filed herewith.

12.1 Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.

21.1 Subsidiaries of the Company filed herewith.

23.1 Consent of Ernst & Young LLP filed herewith.

31.1 Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.

31.2 Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.

32.1 Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.

32.2 Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.

(b) Reports on Form 8-K

- The Registrant filed a Current Report on Form 8-K on October 22, 2003 (reporting under Items 7, 9 and 12) in connection with its third quarter 2003 earnings release and supplemental information package.
- The Registrant filed a Current Report on Form 8-K on December 3, 2003 (reporting under Item 5) in connection with updating Items 6, 7, 8 and 15(a)1 of our Form 10-K to reflect the properties sold during 2003 as discontinued operations.
- The Registrant filed a Current Report on Form 8-K on December 8, 2003 (reporting under Items 7 and 9) in connection with an amendment to its long-term outperformance compensation plan, the adoption of SFAS 123 and an increase in its annual common stock dividend.
- The Registrant filed a Current Report on Form 8-K on December 10, 2003 (reporting under Items 5 and 9) in connection with its sale of Series C Cumulative Redeemable Preferred Stock.
- The Registrant filed a Current Report on Form 8-K on December 29, 2003 (reporting under Items 5 and 7) in connection with its acquisition of a 45% ownership interest in 1221 Avenue of the Americas.

SIGNATURES

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

SL GREEN REALTY CORP.

Dated: March 15, 2004

By: /s/ Gregory F. Hughes

Gregory F. Hughes
Chief Financial Officer

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

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

Signatures	Title	Date
/s/ Stephen L. Green Stephen L. Green	Chairman of the Board of Directors	March 15, 2004
/s/ Marc Holliday Marc Holliday	Chief Executive Officer, President and Director	March 15, 2004
/s/ Gregory F. Hughes Gregory F. Hughes	Chief Financial Officer	March 15, 2004
/s/ Michael W. Reid Michael W. Reid	Chief Operating Officer	March 15, 2004
/s/ Thomas E. Wirth Thomas E. Wirth	Principal Accounting Officer	March 15, 2004
/s/ John H. Alschuler, Jr. John H. Alschuler, Jr.	Director	March 15, 2004
/s/ Edwin Thomas Burton, III Edwin Thomas Burton, III	Director	March 15, 2004
/s/ John S. Levy John S. Levy	Director	March 15, 2004

Third Amendment to the

First Amended and Restated Agreement

of Limited Partnership

of

SL Green Operating Limited Partnership, L.P.

This Amendment is made as of December 12, 2003 by SL Green Realty Corp., a Maryland corporation, as managing general partner (the "Company" or the "Managing General Partner") of SL Green Operating Limited Partnership, L.P., a Delaware limited partnership (the "Partnership"), and as attorney-in-fact for the Persons named on Exhibit A to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Limited Partnership, dated as of August 20, 1997, as amended from time to time, (the "Partnership Agreement") for the purpose of amending the Partnership Agreement. Capitalized terms used herein and not defined shall have the meanings given to them in the Partnership Agreement.

WHEREAS, the Board of Directors of the Company (the "Board"), by action at a meeting on December 1, 2003 and by action of the Pricing Committee of the Board on December 3, 2003 pursuant to delegated authority, classified and designated 6,440,000 shares of Preferred Stock (as defined in the Articles of Incorporation of the Company (the "Charter")) as Series C Preferred Stock (as defined below);

WHEREAS, the Board filed Articles Supplementary to the Charter (the "Articles Supplementary") with the State Department of Assessments and Taxation of Maryland on December 10, 2003, establishing the Series C Preferred Stock, with such preferences, rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption as described in the Articles Supplementary;

WHEREAS, on December 12, 2003, the Company issued 6,300,000 shares of the Series C Preferred Stock;

WHEREAS, the Managing General Partner has determined that, in connection with the issuance of the Series C Preferred Stock, it is necessary and desirable to amend the Partnership Agreement to create additional Partnership Units (as defined in the Partnership Agreement) having designations, preferences and other rights which are substantially the same as the economic rights of the Series C Preferred Stock.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Managing General Partner hereby amends the Partnership Agreement as follows:

1. Article 1 of the Partnership Agreement is hereby amended by adding the following definitions:

"Series C Preferred Stock" means the 7.625% Series C Cumulative Redeemable Preferred Stock of the Company, with such preferences, rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption as described in the Articles Supplementary; and

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"Series C Preferred Units" means the series of Partnership Units established pursuant to this Amendment, representing units of Limited Partnership Interest designated as the 7.625% Series C Cumulative Redeemable Preferred Units, with the preferences, rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption of units as described herein; and

2. In accordance with Section 4.02.A of the Partnership Agreement, set forth below are the terms and conditions of the Series C Preferred Units hereby established and issued to the Company in consideration of the Company's contribution to the Partnership of the net proceeds following the issuance and sale of the Series C Preferred Stock by the Company:

A. Designation and Number. A series of Partnership Units, designated as Series C Preferred Units, is hereby established. The number of Series C Preferred Units shall be 6,440,000.

B. Rank. The Series C Preferred Units, with respect to rights to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding up of the Partnership, rank (a) senior to the Class A Units, Class B Units and all Partnership Interests issued by the Partnership the terms of which specifically provide that such Partnership Interests rank junior to the Series C Preferred Units; (b) on a parity with all other Partnership Interests issued by the Partnership the terms of which specifically provide that such Partnership Interests rank on a parity with the Series C Preferred Units; and (c) junior to all Partnership Interests issued by the Partnership the terms of which specifically provide that such Partnership Interests rank senior to the Series C Preferred Units.

C. Distributions.

(i) Pursuant to Section 5.01 of the Partnership Agreement but subject to the rights of holders of any Units ranking senior to the Series C Preferred Units as to the payment of distributions, the Managing General Partner, in its capacity as the holder of the then outstanding Series C Preferred Units, shall be entitled to receive, when, as and if authorized by the Managing General Partner, out of Available Cash, cumulative quarterly preferential cash distributions in an amount per unit equal to 7.625% of the $25.00 liquidation preference per annum (equivalent to a fixed annual amount of $1.90625 per unit). Distributions on the Series C Preferred Units shall accrue and be fully cumulative from the date of original issuance and shall be payable quarterly when, as and if authorized by the Managing General Partner, in equal amounts in arrears on the fifteenth day of each April, July, October and January or, if not a business day, the next succeeding business day (each, a "Series C Preferred Unit Distribution Payment Date"). Any distribution (including the initial distribution) payable on the Series C Preferred Units for any partial distribution period shall be prorated and computed on the basis of a 360-day year consisting of twelve 30-day months. Distribution period shall mean the period from and the date of original issuance and ending on and excluding the next Series C Preferred Unit Distribution Payment Date, and each subsequent period from but including such Series C Preferred Unit Distribution Payment Date and ending on and excluding the next following Series C Preferred Unit Distribution Payment Date.

(ii) No distribution on the Series C Preferred Units shall be authorized by the Managing General Partner or declared or paid or set apart for payment by the Partnership at such time as the terms and provisions of any agreement of the Managing General Partner or the Partnership, including any agreement relating to its indebtedness, prohibits such authorization, declaration, payment or setting apart for payment or provides that such authorization, declaration, payment or setting apart for payment would constitute a breach thereof, or a default thereunder, or if such authorization, declaration, payment or setting apart for payment shall be restricted or prohibited by law. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series C Preferred Units which may be in arrears.

Notwithstanding the foregoing, distributions with respect to the Series C Preferred Units shall accumulate whether or not any of the foregoing restrictions exist, whether or not there is sufficient Available Cash for the payment thereof and whether or not such distributions are authorized. Accumulated but unpaid distributions on Series C Preferred Units shall not bear interest and holders of the Series C Preferred Units shall not be entitled to any distributions in excess of full cumulative distributions. Any distribution payment made on the Series C Preferred Units shall first be credited against the earliest accumulated but unpaid distribution due with respect to such units which remains payable.

(iii) Except as provided in subsection 2.C.(iv), unless full cumulative distributions have been or contemporaneously are declared and paid or authorized, declared and a sum sufficient for the payment thereof set apart for such payment on the Series C Preferred Units for all past distribution periods and the then current distribution period, no distributions (other than in Partnership Interests ranking junior to the Series C Preferred Units as to the payment of dividends and the distribution of assets upon any liquidation, dissolution or winding up of the Partnership) shall be authorized, declared or paid or set apart for payment nor shall any other distribution be authorized, declared or made upon the Class A Units, the Class B Units, or any other Partnership Interests ranking, as to the payment of distributions or the distribution of assets upon any liquidation, dissolution or winding up of the Partnership, junior to or on a parity with the Series C Preferred Units for any period, nor shall any Class A Units, Class B Units, or any other Partnership Interests ranking junior to or on a parity with the Series C Preferred Units as to the payment of distributions or the distribution of assets upon any liquidation, dissolution or winding up of the Partnership, be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such Partnership Interests) by the Partnership (except by conversion into or exchange for Partnership Interests ranking junior to the Series C Preferred Units as to the payment of distributions and the distribution of assets upon any liquidation, dissolution or winding up of the affairs of the Partnership).

(iv) When distributions are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series C Preferred Units and any other Partnership Interests ranking on a parity as to the payment of distributions with the Series C Preferred Units, all distributions authorized and declared upon the Series C Preferred Units and any other Partnership Interests ranking on a parity as to the payment of distributions with the Series C Preferred Units shall be declared pro rata so that the amount of distributions authorized and declared per Series C Preferred Unit and such other Partnership Interests shall in all cases bear to each other the same ratio that accumulated distributions per each Series C Preferred Unit and such other Partnership Interests (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such other Partnership Interests do not have a cumulative distribution) bear to each other.

(v) Holders of Series C Preferred Units shall not be entitled to any distribution, whether payable in cash, property or Partnership Interests, in excess of full cumulative distributions on the Series C Preferred Units as described above. Accrued but unpaid distributions on the Series C Preferred Units will accumulate as of the Series C Preferred Units Distribution Payment Date on which they first become payable.

D. Allocations.

Allocations of the Partnership's items of income, gain, loss and deduction shall be allocated among holders of Series C Preferred Units in accordance with Article VI of the Partnership Agreement.

E. Liquidation Preference.

(i) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Partnership, the Managing General Partner, in its capacity as holder of the Series C Preferred Units, shall be entitled to receive out of the assets of the Partnership available for distribution to the Partners pursuant to Section 13.02.A of the Partnership Agreement a liquidation preference of $25.00 per Series C Preferred Unit, plus an amount equal to any accumulated and unpaid distributions (whether or not earned or authorized) to the date of payment, before any distribution of assets is made to holders of Class A Units, Class B Units or any other Partnership Interests that rank junior to the Series C Preferred Units as to the distribution of assets upon the liquidation, dissolution or winding up of the Partnership, but subject to the preferential rights of the holders of Partnership Interests ranking senior to the Series C Preferred Units as to the distribution of assets upon the liquidation, dissolution or winding up of the Partnership.

(ii) If upon any such voluntary or involuntary liquidation, dissolution or winding up of the Partnership, the assets of the Partnership legally available for distribution to its Partners are insufficient to make such full payment to the Managing General Partner, in its capacity as the holder of the Series C Preferred Units, and the corresponding amounts payable on all other Partnership Interests ranking on a parity with the Series C Preferred Units as to the distribution of assets upon the liquidation, dissolution or winding up of the Partnership, then the Managing General Partner, in its capacity as the holder of the Series C Preferred Units, and all other holders of such Partnership Interests shall share ratably in any such distribution of assets in proportion to the full liquidating distributions (including, if applicable, accumulated and unpaid distributions) to which they would otherwise be respectively entitled.

(iii) After payment of the full amount of the liquidating distributions to which they are entitled, the Managing General Partner, in its capacity as the holder of the Series C Preferred Units, shall have no right or claim to any of the remaining assets of the Partnership.

(iv) None of a consolidation or merger of the Partnership with or into another entity, a merger of another entity with or into the Partnership, a statutory unit exchange by the Partnership or a sale, lease or conveyance of all or substantially all of the Partnership's property or business shall be considered a liquidation, dissolution or winding up of the affairs of the Partnership.

F. Redemption.

In connection with the redemption by the Company of any of shares of Series C Preferred Stock in accordance with the provisions of the Articles Supplementary, the Partnership shall provide cash to the Company for such purpose which shall be equal to the redemption price (as set forth in the Articles Supplementary), plus all distributions accumulated and unpaid to the Redemption Date (as defined in the Articles Supplementary) (or, as applicable, the accumulated and unpaid distribution payable pursuant to Section 6(b)(iv) of the Articles Supplementary), and one Series C Preferred Unit shall be concurrently redeemed with respect to each share of Series C Preferred Stock so redeemed by the Company. From and after the applicable Redemption Date (as defined in the Articles Supplementary), the Series C Preferred Units so redeemed shall no longer be outstanding and all rights hereunder, to distributions or otherwise, with respect to such Series C Preferred Units shall cease. Any Series C Preferred Units so redeemed may be reissued to the Managing General Partner at such time as the Managing General Partner reissues a corresponding number of shares of Series C Preferred Stock so redeemed or repurchased, in exchange for the contribution by the Managing General Partner to the Partnership of the proceeds from such reissuance.

G. Voting Rights.

Except as required by applicable law, the Managing General Partner, in its capacity as the holder of the Series C Preferred Units, shall have no voting rights.

H. Conversion.

The Series C Preferred Units are not convertible into or exchangeable for any other property or securities of the Partnership.

I. Restriction on Ownership.

The Series C Preferred Units shall be owned and held solely by the Managing General Partner.

3. Except as modified herein, all terms and conditions of the Partnership Agreement shall remain in full force and effect, which terms and conditions the Managing General Partner hereby ratifies and confirms.

4. This Amendment shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to conflicts of law.

5. If any provision of this Amendment is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

* * * * *

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first set forth above.

SL GREEN REALTY CORP.,
a Maryland corporation, as Managing General
Partner of SL Green Operating Limited
Partnership and on behalf of existing
Limited Partners

By: _____
Name:
Title:

EMPLOYMENT AND NONCOMPETITION AGREEMENT

This EMPLOYMENT AND NONCOMPETITION AGREEMENT ("Agreement") is made as of the 1st day of January, 2004 between Marc Holliday ("Executive") and SL Green Realty Corp., a Maryland corporation with its principal place of business at 420 Lexington Avenue, New York, New York 10170 (the "Employer"), and amends in its entirety and (subject to Section 3(i)) completely restates that certain employment agreement between Executive and the Employer dated as of January 1, 2001.

1. Term. The term of this Agreement shall commence on January 1, 2004 and, unless earlier terminated as provided in Section 6 below, shall terminate on January 17, 2010 (the "Current Term"); provided, however, that Sections 4 and 8 (and any enforcement or other procedural provisions hereof affecting Sections 4 and 8) hereof shall survive the termination of this Agreement as provided therein. The Current Term shall automatically be extended for successive one-year periods (each, a "Renewal Term"), unless either party gives the other party at least three months' written notice of non-renewal. The period of Executive's employment hereunder consisting of the Current Term and all Renewal Terms, if any, is herein referred to as the "Employment Period."

2. Employment and Duties.

(a) Duties. During the Employment Period, Executive shall be employed in the business of the Employer and its affiliates. Executive shall serve the Employer as a senior corporate executive and shall have the title of Chief Executive Officer ("CEO") and President of the Employer and, for so long as so elected, member of the Board of Directors of the Employer (the "Board"). Executive, as CEO and President, shall be principally responsible for all decision-making with respect to the Employer (including with respect to the hiring and dismissal of subordinate executives), subject to supervision in the ordinary course by the Chairman of the Board or by the Board, it being expressly understood and agreed that Executive will consult frequently with the Chairman and that the Chairman may take an active role in working with Executive to develop the policies of the Company. Executive's duties and authority shall be as further set forth in the By-laws of the Employer and as otherwise established from time to time by the Board, but in all events such duties shall be commensurate with his position as CEO and President of the Employer.

(b) Best Efforts. Executive agrees to his employment as described in this Section 2 and agrees to devote substantially all of his business time and efforts to the performance of his duties under this Agreement, except as otherwise approved by the Board of Directors of the Employer (the "Board"); provided, however, that nothing herein shall be interpreted to preclude Executive, so long as there is no material interference with his duties hereunder, from (i) participating as an officer or director of, or advisor to, any charitable or other tax-exempt organizations or otherwise engaging in charitable, fraternal or trade group activities; (ii) investing and managing his assets as a passive investor in other entities or business ventures; provided that he performs no management or similar role (or, in the case of investments other than real estate investments, he performs a management role comparable to the role that a significant limited partner would have, but performs no day-to-day management or similar role) with respect to such entities or ventures and such investment does not violate Section 8 hereof; and provided, further, that, in any case in which another party involved in the investment has a material business relationship with the

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Employer, Executive shall give prior written notice thereof to the Board; or (iii) serving as a member of the Board of Directors of a for-profit corporation with the approval of the Board.

(c) Travel. In performing his duties hereunder, Executive shall be available for all reasonable travel as the needs of the Employer's business may require. Executive shall be based in New York City or Westchester County, or within 25 miles of Manhattan but not in New Jersey or Long Island.

3. Compensation and Benefits. In consideration of Executive's services hereunder, the Employer shall compensate Executive as provided in this Agreement.

(a) Base Salary. The Employer shall pay Executive an aggregate minimum annual salary at the rate of $600,000 per annum during the Employment Period ("Base Salary"). Base Salary shall be adjusted upwards by the Board, at least once every two years, to correspond to increases (if any) in the New York City metropolitan area Consumer Price Index. Base Salary shall be payable bi-weekly in accordance with the Employer's normal business practices and shall be reviewed by the Board or Compensation Committee at least annually.

(b) Incentive Compensation/Bonuses. In addition to Base Salary, during the Employment Period, Executive shall be eligible for and shall receive such discretionary annual bonuses as the Board, in its sole discretion, may deem appropriate to reward Executive for job performance. In the event of a Change-in-Control (as defined below), the minimum bonus for fiscal years ending after the Change-in-Control shall be $600,000. Upon the execution hereof, (i) Executive shall also be granted a signing bonus of 95,000 restricted shares of the Employer's common stock ("Common Stock") which will be fully vested upon grant and which will be subject to a prohibition from any disposition, alienation, etc. for a period of two years from the date of grant, and (ii) the Employer shall pay Executive an additional cash amount, intended to serve generally as a tax gross-up equal to 40% of the value of the shares then included in Executive's taxable income. In addition, Executive shall be eligible to participate in any other bonus or incentive compensation plans in effect with respect to senior executive officers of the Employer, as the Board, in its sole discretion, may deem appropriate to reward Executive for job performance. Executive shall be eligible to participate in the SL Green Realty Corp. 2003 Long-Term Outperformance Compensation Program, as amended December 2003 (the "Outperformance Plan"), subject to the terms and conditions as set forth in the Employer's Outperformance Plan. It is expressly understood that, with respect to awards under the Outperformance Plan, the provisions of the Outperformance Plan, as amended from time to time, and not the provisions of this Agreement, shall govern in accordance with their terms, except with respect to the 12 months of vesting credit provided for under the third sentence of Section 7(a)(iii).

(c) Stock Options. As determined by the Board, in its sole discretion, Executive shall be eligible to participate in the Employer's then current Stock Option and Incentive Plan (the "Plan"), which authorizes the grant of stock options and stock awards of the Common Stock. The Board shall review Executive's level of participation during the fourth quarter of each fiscal year.

(d) Other Equity Awards. Executive will be granted 175,000 restricted shares of Common Stock, effective as of January 1, 2004, in accordance with and subject to definitive documentation which is consistent with the terms summarized on Exhibit A hereto and which is

otherwise consistent with the Employer's general practices for documentation contemplated by the Plan; and the vesting provisions applicable to Executive's existing outstanding 127,500 restricted shares which have not yet vested shall as of January 1, 2004 be as summarized on such Exhibit A (and the definitive documentation therefor shall be amended accordingly). In addition, (i) the Employer shall pay Executive an additional cash amount, intended to serve generally as a tax gross-up, upon each date on which any such restricted shares vest and become taxable, equal to 40% of the value of the shares included in Executive's taxable income on such date and (ii) Executive will receive the full cash dividends attributable to all nonforfeited shares of restricted stock, regardless of whether such shares have become vested on the record date for such dividends.

(e) Expenses. Executive shall be reimbursed for all reasonable business related expenses incurred by Executive at the request of or on behalf of the Employer, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Employer. Any expenses incurred during the Employment Period but not reimbursed by the Employer by the end of the Employment Period, shall remain the obligation of the Employer to so reimburse Executive.

(f) Health and Welfare Benefit Plans. During the Employment Period, Executive and Executive's immediate family shall be entitled to participate in such health and welfare benefit plans as the Employer shall maintain from time to time for the benefit of senior executive officers of the Employer and their families, on the terms and subject to the conditions set forth in such plan. Nothing in this Section shall limit the Employer's right to change or modify or terminate any benefit plan or program as it sees fit from time to time in the normal course of business so long as it does so for all senior executives of the Employer.

(g) Vacations. Executive shall be entitled to paid vacations in accordance with the then regular procedures of the Employer governing senior executive officers.

(h) Certain Other Benefits. During the Employment Period, the Employer shall provide to Executive such other benefits, as generally made available to other senior executives of the Employer. In addition, the Employer shall maintain life insurance for the benefit of Executive's beneficiaries in a face amount equal to $10,000,000; provided, however, that such coverage shall only be required if available to the Employer at reasonable rates; and provided, further, that Executive cooperates as reasonably requested by the Employer in the Employer's efforts to obtain such insurance. If such insurance is not available at reasonable rates, then the Employer shall provide such coverage on a self-insured basis, at a cost to the Employer not to exceed the amount Executive would receive upon a termination by the Employer without Cause (as defined in Section 6(a)(iii) below) under Section 7(a)(ii); provided that, for purposes of this sentence, the multiplier in clause (y) of such Section shall be the lesser of (i) three or (ii) the number of years (including partial years) remaining in the then current Employment Period.

(i) Loans. Any loan expressly provided for under the predecessor to this Agreement shall continue in effect in accordance with the terms of such predecessor applicable to such loan (including without limitation with respect to the continuation of all provisions regarding loan forgiveness as provided in that certain predecessor employment agreement between Executive and the Employer dated as of January 1, 2001).

4. Indemnification and Liability Insurance. The Employer agrees to indemnify Executive to the extent permitted by applicable law, as the same exists and may hereafter be amended, from and against any and all losses, damages, claims, liabilities and expenses asserted against, or incurred or suffered by, Executive (including the costs and expenses of legal counsel retained by the Employer to defend Executive and judgments, fines and amounts paid in settlement actually and reasonably incurred by or imposed on such indemnified party) with respect to any action, suit or proceeding, whether civil, criminal administrative or investigative (a "Proceeding") in which Executive is made a party or threatened to be made a party, either with regard to his entering into this Agreement with the Employer or in his capacity as an officer or director, or former officer or director, of the Employer or any affiliate thereof for which he may serve in such capacity. The Employer also agrees to secure and maintain officers and directors liability insurance providing coverage for Executive. The provisions of this Section 4 shall remain in effect after this Agreement is terminated irrespective of the reasons for termination.

5. Employer's Policies. Executive agrees to observe and comply with the reasonable rules and regulations of the Employer as adopted by the Board from time to time regarding the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board, so long as same are otherwise consistent with this Agreement.

6. Termination. Executive's employment hereunder may be terminated under the following circumstances:

(a) Termination by the Employer.

(i) Death. Executive's employment hereunder shall terminate upon his death.

(ii) Disability. If, as a result of Executive's incapacity due to physical or mental illness or disability, Executive shall have been incapable of performing his duties hereunder even with a reasonable accommodation on a full-time basis for the entire period of four consecutive months or any 120 days in a 180-day period, and within 30 days after written Notice of Termination (as defined in Section 6(d)) is given he shall not have returned to the performance of his duties hereunder on a full-time basis, the Employer may terminate Executive's employment hereunder.

(iii) Cause. The Employer may terminate Executive's employment hereunder for Cause by a majority vote of all members of the Board, excluding the vote of Executive. For purposes of this Agreement, "Cause" shall mean: (i) Executive's engaging in conduct which is a felony; (ii) Executive's engaging in conduct constituting a material breach of fiduciary duty, gross negligence or willful and material misconduct, material fraud or willful and material misrepresentation; (iii) Executive's material breach of any of his obligations under Section 8(a) through 8(e) of this Agreement; or (iv) Executive's repeated failure to competently perform his duties which failure is not cured within 30 days after receiving notice from the Employer specifically identifying the manner in which Executive has failed to perform (it being understood that, for this purpose, the manner and level of Executive's performance shall not be determined based on the financial performance (including without limitation the performance of the stock) of the Employer).

(iv) Without Cause. Executive's employment hereunder may be terminated by the Employer at any time with or without Cause (as defined in Section 6(a)(iii) above), by a vote of two-thirds or more of all of the members of the Board (not taking into account Executive as a member of the Board), upon written notice to Executive, subject only to the severance provisions specifically set forth in Section 7.

(b) Termination by Executive.

(i) Disability. Executive may terminate his employment hereunder for Disability within the meaning of Section 6(a)(ii) above.

(ii) With Good Reason. Executive's employment hereunder may be terminated by Executive with Good Reason effective immediately by written notice to the Board. For purposes of this Agreement, with "Good Reason" shall mean: (i) a failure of the Board to continue Executive in any offices in accordance with the provisions of Section 2(a) or of Executive to be continued as a member of the Board; (ii) a failure by the Employer to pay compensation in accordance with the provisions of Section 3, which failure has not been cured within 14 days after the notice of the failure (specifying the same) has been given by Executive to the Employer; (iii) a material breach by the Employer of any other provision of this Agreement which has not been cured within 30 days after notice of noncompliance (specifying the nature of the noncompliance) has been given by Executive to the Employer; (iv) the relocation of the Employer's principal executive offices to a location not meeting the requirements of the last sentence of Section 2(c); or (v) on and after the occurrence of a Change-in-Control (as defined in Section 6(c) below), "Good Reason" shall also include, in addition to the foregoing:

(A) a change in duties, responsibilities, status or positions (including without limitation the appointment of a co-CEO or a change in Executive's status to co-CEO) with the Employer that does not represent a promotion from or maintaining of Executive's duties, responsibilities, status or positions as in effect immediately prior to the Change-in-Control, or any removal of Executive from or any failure to reappoint or reelect Executive to such positions, except in connection with the termination of Executive's employment for Cause, disability, retirement or death;

(B) a reduction by the Employer in Executive's Base Salary or the payment of a bonus less than any minimum required under Section 3(b);

(C) the failure by the Employer to continue in effect any of the benefit plans including, but not limited to ongoing stock option and equity awards, in which Executive is participating at the time of the Change-in-Control of the Employer (unless Executive is permitted to participate in any substitute benefit plan with substantially the same terms and to the same extent and with the same rights as Executive had with respect to the benefit plan that is discontinued) other than as a result of the normal expiration of any such benefit plan in accordance with its terms as in effect at the time of the Change-in-Control, or the taking of any action, or the failure to act, by the Employer which would adversely affect Executive's continued participation in any of such benefit plans

on at least as favorable a basis to Executive as was the case on the date of the Change-in-Control or which would materially reduce Executive's benefits in the future under any of such benefit plans or deprive Executive of any material benefits enjoyed by Executive at the time of the Change-in-Control; provided, however, that any such action or inaction on the part of the Employer, including any modification, cancellation or termination of any benefits plan, undertaken in order to maintain such plan in compliance with any federal, state or local law or regulation governing benefits plans, including, but not limited to, the Employment Retirement Income Security Act of 1974, shall not constitute Good Reason for the purposes of this Agreement; and

(D) the failure by the Employer to obtain from any successor to the Employer an agreement to be bound by this Agreement pursuant to Section 16 hereof, which has not been cured within 30 days after the notice of the failure (specifying the same) has been given by Executive to the Employer.

(iii) Without Good Reason. Executive shall have the right to terminate his employment hereunder without Good Reason, subject to the terms and conditions of this Agreement.

(c) Definitions. The following terms shall be defined as set forth below.

(i) A "Change-in-Control" shall be deemed to have occurred if:

(A) any Person, together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Securities Exchange Act of 1934 (the "Exchange Act")) of such Person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Employer or SL Green Operating Partnership, L.P. (the "OP") representing 25% or more of either (1) the combined voting power of the Employer's and/or OP's then outstanding securities having the right to vote in an election of the Board ("Voting Securities") or (2) the then outstanding shares of all classes of stock of the Employer or OP (in either such case other than as a result of the acquisition of securities directly from the Employer or OP); or

(B) the members of the Board at the beginning of any consecutive 24-calendar-month period commencing on or after the date hereof (the "Incumbent Directors") cease for any reason other than due to death to constitute at least a majority of the members of the Board; provided that any director whose election, or nomination for election by the Employer's stockholders, was approved by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 24-calendar-month period, shall be deemed to be an Incumbent Director; or

(C) the stockholders of the Employer shall approve (1) any consolidation or merger of the Employer or any subsidiary where the stockholders of the Employer, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as

such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate at least 50% of the voting shares of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (2) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Employer, if the shareholders of the Employer and unitholders of the OP taken as a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than 50% percent of the surviving or acquiring company and partnership taken as a whole or (3) any plan or proposal for the liquidation or dissolution of the Employer.

Notwithstanding the foregoing, a "Change-in-Control" shall not be deemed to have occurred for purposes of the foregoing clause (A) solely as the result of an acquisition of securities by the Employer which, by reducing the number of shares of stock or other Voting Securities outstanding, increases (x) the proportionate number of shares of stock of the Employer beneficially owned by any Person to 25% or more of the shares of stock then outstanding or (y) the proportionate voting power represented by the Voting Securities beneficially owned by any Person to 25% or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if any Person referred to in clause (x) or (y) of this sentence shall thereafter become the beneficial owner of any additional stock of the Employer or other Voting Securities (other than pursuant to a share split, stock dividend, or similar transaction), then a "Change-in-Control" shall be deemed to have occurred for purposes of the foregoing clause (A).

(ii) "Person" shall have the meaning used in Sections 13(d) and 14(d) of the Exchange Act; provided however, that the term "Person" shall not include (A) Stephen L. Green, (B) Executive or (C) the Employer, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan of the Employer or any of its subsidiaries. In addition, no Change-in-Control shall be deemed to have occurred under clause (i)(A) above by virtue of a "group" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming a beneficial owner as described in such clause, if any individual or entity described in clause (A), (B) or (C) of the foregoing sentence is a member of such group.

(d) Notice of Termination. Any termination of Executive's employment by the Employer or by Executive (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 12 of this Agreement. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and, as applicable, shall set forth in reasonable detail the fact and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

7. Compensation Upon Termination.

(a) Termination By Employer Without Cause or By Executive With Good Reason. If (x) Executive is terminated by the Employer without Cause pursuant to Section 6(a)(iv) above, or (y) Executive shall terminate his employment hereunder with Good Reason pursuant to Section (6)(b)(ii) above, then the Employment Period shall terminate as of the effective date set forth in the written notice of such termination (the "Termination Date") and Executive shall be entitled to the following payment and benefits:

(i) Executive shall receive any earned and accrued but unpaid Base Salary on the Termination Date, and any earned and accrued but unpaid incentive compensation and bonuses payable at such times as would have applied without regard to such termination.

(ii) The Employer shall continue to pay Executive's Base Salary (at the rate in effect on the date of his termination) and annual performance bonus (based on the average amount paid for the immediately preceding two years) for the remaining term of the Employment Period after the date of Executive's termination, on the same periodic payment dates as payment would have been made to Executive had the Employment Period not been terminated for the remaining term of the Employment Period after the date of Executive's termination; provided, however, that if such termination occurs upon or following a Change-in-Control, the Employer shall continue to pay Executive's Base Salary (at the rate in effect on the date of his termination) and annual performance bonus (based on the highest amount paid for the two preceding years) for the greater of 18 months or the remaining term of the Employment Period after the date of Executive's termination, on such periodic payment dates.

(iii) Executive shall continue to receive all benefits described in Section 3(f) existing on the date of termination for a period of three years to follow the Termination Date, subject to the terms and conditions upon which such benefits may be offered to continuing senior executives from time to time. For purposes of the application of such benefits, Executive shall be treated as if he had remained in the employ of the Employer with a Base Salary at the rate in effect on the date of termination. For purposes of vesting under the Employer's Outperformance Plan, without limiting any other rights that Executive may have under the Employer's Outperformance Plan, Executive shall be treated as if he had remained in the employ of the Employer for 12 months after the date of termination. Notwithstanding the foregoing, (A) nothing in this Section 7(a)(iii) shall restrict the ability of the Employer to amend or terminate the plans and programs governing the benefits described in Section 3(f) from time to time in its sole discretion, and (B) the Employer shall in no event be required to provide any benefits otherwise required by this Section 7(a)(iii) after such time as Executive becomes entitled to receive benefits of the same type from another employer or recipient of Executive's services (such entitlement being determined without regard to any individual waivers or other similar arrangements).

(iv) Any unvested shares of restricted stock (i.e., shares then still subject to restrictions under the applicable award agreement) granted to Executive by the Employer shall become vested (i.e., free from such restrictions) and, as applicable, Executive shall

be entitled to receive the amount described in the last sentence of Section 3(d) (for the

avoidance of doubt, the foregoing provisions of this sentence shall not refer to grants under the Employer's Outperformance Plan, which shall apply in accordance with its terms as in effect from time to time), and any unexerciseable or unvested stock options granted to Executive by the Employer shall become vested and exercisable on the date of Executive's termination. Any unexercised stock options granted to Executive by the Employer shall remain exercisable until the second January 2 to follow the Termination Date or, if earlier, the expiration of the initial applicable term stated at the time of the grant.

Other than as may be provided under Section 3(i) or 4 or as expressly provided in this Section 7(a), the Employer shall have no further obligations hereunder following such termination.

(b) Termination By the Employer For Cause or By Executive Without Good Reason. If (i) Executive is terminated by the Employer for Cause pursuant to Section 6(a)(iii) above, or (ii) Executive voluntarily terminates his employment hereunder without Good Reason pursuant to Section 6(b)(ii) above, then the Employment Period shall terminate as of the effective date set forth in the written notice of such termination (the "Termination Date") and Executive shall be entitled to receive his earned and accrued but unpaid Base Salary at the rate then in effect until the Termination Date. In addition, in such event, Executive shall be entitled (i) to receive any earned and accrued but unpaid incentive compensation or bonuses, payable at such times as would have applied without regard to such termination, except that, notwithstanding the foregoing, no amounts shall be payable under this clause (i) in the case of a termination by the Employer for Cause under clause (i) or (ii) of Section 6(a)(iii) (for the avoidance of doubt, the foregoing provisions of this clause (i) shall not refer to grants under the Employer's Outperformance Plan, which shall apply in accordance with its terms as in effect from time to time), (ii) to exercise any options which have vested as of the termination of Executive's employment and are exercisable to the extent provided by and otherwise in accordance with the terms of the applicable option grant agreement or plan, and (iii) to retain any restricted shares of the Employer's stock which have vested as of the termination of Executive's employment. Other than as may be provided under Section 3(i) or 4 or as expressly provided in this Section 7(b), the Employer shall have no further obligations hereunder following such termination.

(c) Termination by Reason of Death. If Executive's employment terminates due to his death, (i) the Employer shall pay Executive's Base Salary plus any applicable pro rata portion of the annual performance bonus described in Section 3(b) above for a period of six months from the date of his death, or such longer period as the Board may determine, to Executive's estate or to a beneficiary designated by Executive in writing prior to his death, and (ii) such estate or beneficiary shall be entitled to any proceeds from applicable life insurance on the life of Executive (or alternative coverage) as contemplated by Section 3(h). In the case of such a termination, (i) 22,500 of the 127,500 shares of restricted stock granted to Executive before the date hereof if then unvested shall fully vest, and (ii) as applicable, Executive shall be entitled to receive the cash amount described in the last sentence of Section 3(d) with respect to the restricted shares referenced in such Section 3(d) (for the avoidance of doubt, the foregoing clauses (i) and (ii) shall not refer to grants under the Employer's Outperformance Plan, which shall apply in accordance with its terms as in effect from time to time). Furthermore, upon such death, any vested unexercised stock options granted to Executive shall remain vested and

exercisable until the earlier of (A) the date on which the term of such stock options otherwise would have expired, or (B) the second January 1 after the date of Executive's termination due to his death. Other than as may be provided under Section 3(i) or 4 or as expressly provided in this Section 7(c), the Employer shall have no further obligations hereunder following such termination.

(d) Termination by Reason of Disability. In the event that Executive's employment terminates due to his disability as defined in Section 6(a)(ii) above, Executive shall be entitled to be paid his Base Salary plus any applicable pro rata portion of the annual performance bonus described in Section 3(b) above for a period of six months from the date of such termination, or for such longer period as such benefits are then provided with respect to other senior executives of the Employer. In the case of such a termination, (i) Executive shall be credited with six months after termination under any provisions governing restricted stock or options relating to the vesting or initial exercisability thereof, except that, as to the 127,500 shares of restricted stock granted before the date hereof, such shares shall fully vest, (ii) if such six months of credit would fall within a vesting period, a pro rata portion of the unvested shares of restricted stock granted to Executive that otherwise would have become vested upon the conclusion of such vesting period shall become vested on the date of Executive's termination due to his disability, and a pro rata portion of the unvested or unexercisable stock options granted to Executive that otherwise would have become vested or exercisable upon the conclusion of such vesting period shall become vested and exercisable on the date of Executive's termination due to such disability, and (iii) as applicable, Executive shall be entitled to receive the cash amount described in the last sentence of Section 3(d) with respect to the restricted shares referenced in such Section 3(d) (for the avoidance of doubt, the foregoing clauses (i), (ii) and (iii) shall not refer to grants under the Employer's Outperformance Plan, which shall apply in accordance with its terms as in effect from time to time). Furthermore, upon such disability, any vested unexercised stock options granted to Executive shall remain vested and exercisable until the earlier of (A) the date on which the term of such stock options otherwise would have expired, or (B) the second January 1 after the date of Executive's termination due to his disability. Other than as expressly provided in this Section 7(d), the Employer shall have no further obligations hereunder following such termination.

8. Confidentiality; Prohibited Activities. Executive and the Employer recognize that due to the nature of his employment and relationship with the Employer, Executive has access to and develops confidential business information, proprietary information, and trade secrets relating to the business and operations of the Employer. Executive acknowledges that (i) such information is valuable to the business of the Employer, (ii) disclosure to, or use for the benefit of, any person or entity other than the Employer, would cause irreparable damage to the Employer, (iii) the principal businesses of the Employer are the acquisition, development, management, leasing or financing of any office real estate property, including without limitation the origination of first-mortgage and mezzanine debt or preferred equity financing for real estate projects throughout the United States (collectively, the "Business"), (iv) the Employer is one of the limited number of persons who have developed a business such as the Business, and (v) the Business is national in scope. Executive further acknowledges that his duties for the Employer include the duty to develop and maintain client, customer, employee, and other business relationships on behalf of the Employer; and that access to and development of those close business relationships for the Employer render his services special, unique and extraordinary. In recognition that the good will and business relationships described herein are valuable to the Employer, and that loss of or damage to those

relationships would destroy or diminish the value of the Employer, and in consideration of the compensation (including severance) arrangements hereunder, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by Executive, Executive agrees as follows:

(a) Confidentiality. During the term of this Agreement (including any renewals), and at all times thereafter, Executive shall maintain the confidentiality of all confidential or proprietary information of the Employer ("Confidential Information"), and, except in furtherance of the business of the Employer or as specifically required by law or by court order, he shall not directly or indirectly disclose any such information to any person or entity; nor shall he use Confidential Information for any purpose except for the benefit of the Employer. For purposes of this Agreement, "Confidential Information" includes, without limitation: client or customer lists, identities, contacts, business and financial information (excluding those of Executive prior to employment with Employer); investment strategies; pricing information or policies, fees or commission arrangements of the Employer; marketing plans, projections, presentations or strategies of the Employer; financial and budget information of the Employer; new personnel acquisition plans; and all other business related information which has not been publicly disclosed by the Employer. This restriction shall apply regardless of whether such Confidential Information is in written, graphic, recorded, photographic, data or any machine readable form or is orally conveyed to, or memorized by, Executive.

(b) Prohibited Activities. Because Executive's services to the Employer are essential and because Executive has access to the Employer's Confidential Information, Executive covenants and agrees that:

(i) during the Employment Period, and (x) for the 18-month period following the termination of Executive by either party for any reason, other than by Executive without Good Reason under Section 6(b)(iii), or (y) for the 24-month period following termination by Executive without Good Reason, Executive will not, anywhere in the United States, without the prior written consent of the Board which shall include the unanimous consent of the Directors other than any other officer of the Employer, directly or indirectly (individually, or through or on behalf of another entity as owner, partner, agent, employee, consultant, or in any other capacity), engage, participate or assist, as an owner, partner, employee, consultant, director, officer, trustee or agent, in any element of the Business, subject, however, to Section 8(c) below; provided, however, that, if the Employment Term terminates upon or after the scheduled expiration of the term of this Agreement (including any renewals) without any early termination under Section 6, the restrictions of this Section 8(b)(i) shall apply for one year (rather than 18 months) following the termination of Executive; and

(ii) during the Employment Period, and (x) during the two-year period following the termination of Executive by either party for any reason (including the expiration of the term of the Agreement), in the case of clause (A) below, or (y) for the period following such termination during which the restrictions of Section 8(b)(i) are applicable (but in no event longer than 24 months), in the case of clause (B) below, Executive will not, without the prior written consent of the Board which shall include the unanimous consent of the Directors, who are not officers of the Employer, directly or indirectly (individually, or through or on behalf of another entity as owner, partner, agent,

employee, consultant, or in any other capacity), (A) solicit, encourage, or engage in any activity to induce any Employee of the Employer to terminate employment with the Employer, or to become employed by, or to enter into a business relationship with, any other person or entity, or (B) engage in any activity intentionally to interfere with, disrupt or damage the Business of the Employer, or its relationships with any client, supplier or other business relationship of the Employer. For purposes of this subsection (b)(ii), the term "employee" means any individual who is an employee of or consultant to the Employer (or any affiliate) during the six-month period prior to Executive's last day of employment.

(c) Other Investments. Notwithstanding anything contained herein to the contrary, Executive is not prohibited by this Section 8 from making investments (i) expressly disclosed to the Employer in writing before the date hereof; (ii) solely for investment purposes and without participating in the business in which the investments are made, in any entity that engages, directly or indirectly, in the acquisition, development, construction, operation, management, financing or leasing of office real estate properties, regardless of where they are located, if (x) Executive's aggregate investment in each such entity constitutes less than one percent of the equity ownership of such entity, (y) the investment in the entity is in securities traded on any national securities exchange or the National Association of Securities Dealers, Inc. Automated Quotation System, and (z) Executive is not a controlling person of, or a member of a group which controls, such entity; or (iii) if (A) he has less than a 25% interest in the investment in question, (B) he does not have the role of a general partner or managing member, or any similar role, (C) the investment is not an appropriate investment opportunity for the Employer, and (D) the investment activity is not directly competitive with the businesses of the Employer.

(d) Employer Property. Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by the Employer are the sole property of the Employer ("Employer Property"). During his employment, and at all times thereafter, Executive shall not remove, or cause to be removed, from the premises of the Employer, copies of any record, file, memorandum, document, computer related information or equipment, or any other item relating to the business of the Employer, except in furtherance of his duties under this Agreement. When Executive terminates his employment with the Employer, or upon request of the Employer at any time, Executive shall promptly deliver to the Employer all originals and copies of Employer Property in his possession or control and shall not retain any originals or copies in any form, except that Executive may retain a copy of his Rolodex or other similar contact list.

(e) No Disparagement. For one year following termination of Executive's employment for any reason, Executive shall not intentionally disclose or cause to be disclosed any negative, adverse or derogatory comments or information about (i) the Employer and its parent, affiliates or subsidiaries, if any; (ii) any product or service provided by the Employer and its parent, affiliates or subsidiaries, if any; or (iii) the Employer's and its parent's, affiliates' or subsidiaries' prospects for the future. For one year following termination of Executive's employment for any reason, the Employer shall not disclose or cause to be disclosed any negative, adverse or derogatory comments or information about Executive. Nothing in this Section shall prohibit either the Employer or Executive from testifying truthfully in any legal or administrative proceeding.

(f) Remedies. Executive declares that the foregoing limitations in Sections 8(a) through 8(f) above are reasonable and necessary for the adequate protection of the business and the goodwill of the Employer. If any restriction contained in this Section 8 shall be deemed to be invalid, illegal or unenforceable by reason of the extent, duration or scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, scope, or other provisions hereof to make the restriction consistent with applicable law, and in its reduced form such restriction shall then be enforceable in the manner contemplated hereby. In the event that Executive breaches any of the promises contained in this Section 8, Executive acknowledges that the Employer's remedy at law for damages will be inadequate and that the Employer will be entitled to specific performance, a temporary restraining order or preliminary injunction to prevent Executive's prospective or continuing breach and to maintain the status quo. The existence of this right to injunctive relief, or other equitable relief, or the Employer's exercise of any of these rights, shall not limit any other rights or remedies the Employer may have in law or in equity, including, without limitation, the right to arbitration contained in Section 9 hereof and the right to compensatory and monetary damages. Executive hereby agrees to waive his right to a jury trial with respect to any action commenced to enforce the terms of this Agreement. Executive shall have remedies comparable to those of the Employer as set forth above in this Section 8(f) if the Employer breaches Section 8(e).

(g) Transition. Regardless of the reason for his departure from the Employer, Executive agrees that at the Employer's sole costs and expense, for a period of not more than 30 days after termination of Executive, he shall take all steps reasonably requested by the Employer to effect a successful transition of client and customer relationships to the person or persons designated by the Employer, subject to Executive's obligations to his new employer.

(h) Cooperation with Respect to Litigation. During the Employment period and at all times thereafter, Executive agrees to give prompt written notice to the Employer of any claim relating to the Employer and to cooperate fully, in good faith and to the best of his ability with the Employer in connection with any and all pending, potential or future claims, investigations or actions which directly or indirectly relate to any action, event or activity about which Executive may have knowledge in connection with or as a result of his employment by the Employer hereunder. Such cooperation will include all assistance that the Employer, its counsel or its representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness; provided, however, that the Employer will reimburse Executive for all reasonable expenses, including travel, lodging and meals, incurred by him in fulfilling his obligations under this Section 8(h) and, except as may be required by law or by court order, should Executive then be employed by an entity other than the Employer, such cooperation will not materially interfere with Executive's then current employment.

(i) Survival. The provisions of this Section 8 shall survive termination of Executive's employment any other provisions relating to the enforcement thereof.

9. Arbitration. Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement (other than a controversy or claim arising under Section 8, to the extent necessary for the Employer (or its affiliates, where applicable) to avail itself of the rights and remedies referred to in Section 8(f)) that is not resolved by Executive and the Employer (or its affiliates, where

applicable) shall be submitted to arbitration in New York, New York in accordance with New York law and the procedures of the American Arbitration Association. The determination of the arbitrator(s) shall be conclusive and binding on the Employer (or its affiliates, where applicable) and Executive and judgment may be entered on the arbitrator(s)' award in any court having jurisdiction.

10. Conflicting Agreements. Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

11. No Duplication of Payments. Executive shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

12. Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand and or sent by prepaid telex, cable or other electronic devices or sent, postage prepaid, by registered or certified mail or telecopy or overnight courier service and shall be deemed given when so delivered by hand, telexed, cabled or telecopied, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service), as follows:

(a) if to Executive:

Marc Holliday, at the address shown on the execution page hereof.

(b) if to the Employer:

SL Green Realty Corp.
420 Lexington Avenue
New York, New York 10170
Attn: General Counsel

With a copy to:

Clifford Chance US LLP
200 Park Avenue
New York, New York 10166
Attention: Robert E. King, Jr.

or such other address as either party may from time to time specify by written notice to the other party hereto.

13. Amendments. No amendment, modification or waiver in respect of this Agreement shall be effective unless it shall be in writing and signed by the party against whom such amendment, modification or waiver is sought.

14. Severability. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any person or circumstances shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or

unenforceability shall not affect any other provision hereof (or the remaining portion hereof) or the application of such provision to any other persons or circumstances.

15. Withholding. The Employer shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

16. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which or into which the Employer may be merged or which may succeed to its assets or business, provided, however, that the obligations of Executive are personal and shall not be assigned by him. This Agreement shall inure to the benefit of and be enforceable by Executive's personal and legal representatives, executors, administrators, assigns, heirs, distributees, devisees and legatees.

17. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other party.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of law principles of such State.

19. Choice of Venue. Executive agrees to submit to the jurisdiction of the United States District Court for the Southern District of New York or the Supreme Court of the State of New York, New York County, for the purpose of any action to enforce any of the terms of this Agreement.

20. Parachutes. Notwithstanding any other provision of this Agreement, if all or any portion of the payments and benefits provided under this Agreement (including without limitation any accelerated vesting), or any other payments and benefits which Executive receives or is entitled to receive from the Employer or an affiliate, or any combination of the foregoing, would constitute an excess "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") (whether or not under an existing plan, arrangement or other agreement) (each such parachute payment, a "Parachute Payment"), and would result in the imposition on Executive of an excise tax under Section 4999 of the Code or any successor thereto, then, in addition to any other benefits to which Executive is entitled under this Agreement, Executive shall be paid by the Employer an amount in cash equal to the sum of the excise taxes payable by Executive by reason of receiving Parachute Payments plus the amount necessary to put Executive in the same after-tax position (taking into account any and all applicable federal, state and local excise, income or other taxes at the highest possible applicable rates on such Parachute Payments (including without limitation any payments under this Section 20)) as if no excise taxes had been imposed with respect to Parachute Payments (the "Parachute Gross-up"). The amount of any payment under this Section 20 shall be computed by a certified public accounting firm of national reputation reasonably selected by the Employer. Executive and the Employer will provide the accounting firms with all information which any accounting firm reasonably deems necessary in computing the Parachute Gross-up to be made available to Executive. In the event that the Internal Revenue Service or a court, as applicable, finally and in a decision that has become unappealable, determines that a greater or lesser amount of tax is due, then the Employer shall within five business days thereafter shall pay the additional amounts, or Executive within five business days after receiving a refund shall pay over the amount refunded to the Employer, respectively; provided that (i) Executive shall not initiate any proceeding or other contests regarding these matters, other than at the direction of the

Employer, and shall provide notice to the Employer of any proceeding or other contest regarding these matters initiated by the Internal Revenue Service, and (ii) the Employer shall be entitled to direct and control all such proceeding and other contests, if it commits to and does pay all costs (including without limitation legal and other professional fees) associated therewith.

21. Entire Agreement. This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. The parties hereto shall not be liable or bound to any other party in any manner by any representations, warranties or covenants relating to such subject matter except as specifically set forth herein.

22. Paragraph Headings. Section headings used in this Agreement are included for convenience of reference only and will not affect the meaning of any provision of this agreement.

23. Board Approval. Employer represents that the Board has approved the economic terms of this Agreement.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first written above, and is being executed on March 10, 2004.

SL GREEN REALTY CORP.

By: _____
Name:
Title:

Marc Holliday

[to be deleted from all public filings:]

EXHIBIT A

RESTRICTED STOCK AWARD

Plan: SL Green Realty Corp. Amended 1997 Stock Option and Incentive Plan (the "Plan")

Grant Date: January 1, 2004

Total Number of Shares: 302,500 – 175,000 shares issued as of January 1, 2004 (the "New Shares"), in addition to 127,500 shares already outstanding (the "Old Shares").

Time-Based Vesting: The shares shall vest if and as employment continues, at the times and in the amounts as set forth below:

July 17, 2004	14,583 shares
July 17, 2005	14,583 shares
July 17, 2006	14,583 shares
July 17, 2007	14,583 shares
July 17, 2008	14,583 shares
July 17, 2009	14,585 shares

Performance Vesting: In addition, 215,000 shares shall vest (subject to clauses (i) and (ii) below) if and as employment continues, at the times and in the amounts as set forth below:

July 17, 2004	25,417 shares
July 17, 2005	25,417 shares
July 17, 2006	25,417 shares
July 17, 2007	35,417 shares
July 17, 2008	45,417 shares
July 17, 2009	45,417 shares
January 1, 2010	12,498 shares

With respect to such 215,000 shares, such amounts are subject to the achievement of certain annual criteria set forth below:

(i) Such shares shall vest in an applicable year if the Company achieves either (A) a 7% increase in funds from operations on a per-share basis or (B) a 10% total return to shareholders (including all dividends and stock appreciation) on each share of the Company's Common Stock, during the last fiscal year completed before the applicable Vesting Date.

(ii) If the performance criteria set forth in paragraph (i) above are not achieved in the fiscal year immediately preceding the applicable Vesting Date, the shares that did not vest in such year may still vest upon the satisfaction of the performance criteria on a cumulative basis beginning with the "Applicable Period" (as defined

below). If the cumulative performance measures are satisfied, then any shares that failed to vest during such prior year shall vest as of the applicable Vesting Date.

Notwithstanding the foregoing, if the performance criteria set forth in paragraph (i) above for a particular year are not met, but the Company's total return to shareholders is in the top one-third of its peer group companies (as to be determined for such year by the committee administering the Plan in its sole discretion) during the last fiscal year completed immediately prior to the applicable Vesting Date, then the shares that otherwise would have vested on such Vesting Date shall vest. For these purposes, (x) with respect to the 87,500 New Shares, the "Applicable Period" is the period commencing on the first day of the fiscal year commencing in 2003 and ending with the then-current fiscal year, (y) with respect to the 127,500 Old Shares, the "Applicable Period" is the period commencing on the first day of the fiscal year commencing in 2001 and ending with the then-current fiscal year, and (z) the shares potentially vesting on each vesting date covering the shares subject to performance vesting shall be considered to be a pro rata amount of each of the shares subject to clause (x) and the shares subject to clause (y).

EMPLOYMENT AND NONCOMPETITION AGREEMENT

This EMPLOYMENT AND NONCOMPETITION AGREEMENT ("Agreement") is made as of the 1st day of January, 2004 between Andrew Mathias ("Executive") and SL Green Realty Corp., a Maryland corporation with its principal place of business at 420 Lexington Avenue, New York, New York 10170 (the "Employer"), and replaces that certain Restricted Stock and Award agreement between Executive and the Employer dated as of March 25, 2002.

1. Term. The term of this Agreement shall commence on January 1, 2004 and shall continue for a period of four years from the commencement date, unless earlier terminated as provided in Section 6 below, shall terminate on the fourth anniversary of the date of this Agreement (the "Current Term"); provided, however, that Sections 4 and 8 (and any enforcement or other procedural provisions hereof affecting Sections 4 and 8) hereof shall survive the termination of this Agreement as provided therein. The Current Term may be extended for such period or periods, if any, as may be mutually agreed to in writing by Executive and the Employer (each a "Renewal Term"). If either party intends not to extend the Current Term, such party will give the other party at least six months' written notice of such intention. If either party gives such notice with less than six months remaining in the Current Term, the term of this Agreement shall be extended until the date which is six months after the date on which the notice is given. The period of Executive's employment hereunder consisting of the Current Term and all Renewal Terms (and any period of extension under the foregoing sentence), if any, is herein referred to as the "Employment Period."

2. Employment and Duties.

(a) Duties. During the Employment Period, Executive shall be employed in the business of the Employer and its affiliates. Executive shall serve the Employer as a senior corporate executive and shall have the title of Chief Investment Officer (the "CIO") of the Employer. Executive, as CIO, shall be principally responsible for all of the investment activities of Employer and shall report and provide assistance to Employer's Chief Executive Officer in arranging property level financing and private equity capital on behalf of the Employer. Executive's duties and authority shall be as further set forth in the By-laws of the Employer and as otherwise established from time to time by the Board of Directors of the Employer (the "Board"); and the Chief Executive Officer, but in all events such duties shall be commensurate with his position as CIO of the Employer.

(b) Best Efforts. Executive agrees to his employment as described in this Section 2 and agrees to devote substantially all of his business time and efforts to the performance of his duties under this Agreement, except as otherwise approved by the Board provided, however, that nothing herein shall be interpreted to preclude Executive, so long as there is no material interference with his duties hereunder, from (i) participating as an officer or director of, or advisor to, any charitable or other tax exempt organization or otherwise engaging in charitable, fraternal or trade group activities; (ii) investing and managing his assets as a passive investor in other entities or business ventures; provided that he performs no management or similar role (or, in the case of investments other than real estate investments, he performs a management role comparable to the role that a significant limited partner would have, but performs no day-to-day management or similar role) with respect to such entities or ventures and such investment does

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not violate Section 8 hereof; and provided, further, that, in any case in which another party involved in the investment has a material business relationship with the Employer, Executive shall give prior written notice thereof to the Board; or (iii) serving as a member of the Board of Directors of a for-profit corporation with the approval of the Chief Executive Officer of the Employer.

(c) Travel. In performing his duties hereunder, Executive shall be available for all reasonable travel as the needs of the Employer's business may require. Executive shall be based in, or within 25 miles of, Manhattan, except that Executive may be temporarily relocated in connection with the start-up of new businesses of the Employer in new markets.

3. Compensation and Benefits. In consideration of Executive's services hereunder, the Employer shall compensate Executive as provided in this Agreement.

(a) Base Salary. Effective January 1, 2004, the Employer shall pay Executive an aggregate minimum annual salary at the rate of $250,000 per annum during the first two years of the Employment Period and $300,000 per annum during the third and fourth years (and any period of extension under the penultimate sentence of Section 1) of the Employment Period ("Base Salary"). Base Salary shall be payable bi-weekly in accordance with the Employer's normal business practices and shall be reviewed by the Board or Compensation Committee at least annually.

(b) Incentive Compensation/Bonuses. In addition to Base Salary, during the Employment Period, Executive shall be eligible for and shall receive such discretionary annual bonuses as the Board, in its sole discretion, may deem appropriate to reward Executive for job performance; provided, however, that Executive's annual performance bonus shall not be less than $200,000. In addition, Executive shall be eligible to participate in any other bonus or incentive compensation plans in effect with respect to senior executive officers of the Employer, as the Board, in its sole discretion, may deem appropriate to reward Executive for job performance. Executive shall be eligible to participate in the SL Green Realty Corp. 2003 Long-Term Outperformance Compensation Program, as amended December 2003 (the "Outperformance Plan"), subject to the terms and conditions as set forth in the Employer's Outperformance Plan. It is expressly understood that, with respect to awards under the Outperformance Plan, the provisions of the Outperformance Plan, as amended from time to time, and not the provisions of this Agreement, shall govern in accordance with their terms, except with respect to the 12 months of vesting credit provided for under the third sentence of Section 7(a)(iii). If the term of this Agreement is extended under the penultimate sentence of Section 1, and Executive's employment terminates as of the expiration of the term as so extended, then (i) upon such termination of employment, Executive shall receive (without duplication) an amount equal to (A) $200,000 multiplied by (B) a fraction (x) the numerator of which is the number of days in the fiscal year of termination during which Executive was employed and (y) the denominator of which is 365, and (ii) no other bonus-related amounts shall be payable under this Section 3(b) for the fiscal year of termination.

(c) Stock Options. As determined by the Board, in its sole discretion, Executive shall be eligible to participate in the Employer's then current Stock Option and Incentive Plan (the "Plan"), which authorizes the grant of stock options and stock awards of the Employer's common stock ("Common Stock"). Subject to the provisions of the Plan (including the procedures therein

relating to grants), Executive will be granted options thereunder for 75,000 shares of the Employer's Common Stock in accordance with and subject to definitive documentation which is consistent with the terms summarized on Exhibit A hereto and which is otherwise consistent with the Employer's general practices for documentation contemplated by the Plan.

(d) Other Equity Awards. Subject to the provisions of the Plan (including the procedures therein relating to grants), Executive will be granted 35,000 restricted shares of Common Stock, effective as of January 1, 2004, in accordance with and subject to definitive documentation which is consistent with the terms summarized on Exhibit B hereto and which is otherwise consistent with the Employer's general practices for documentation contemplated by the Plan; and the vesting provisions applicable to Executive's existing outstanding 17,500 restricted shares which have not yet vested shall as of January 1, 2004 be as summarized on such Exhibit B (and the definitive documentation therefor shall be amended accordingly). In addition, the Employer shall pay Executive an additional cash amount, intended to serve generally as a tax gross-up, upon each date on which the restricted shares vest and become taxable, equal to 40% of the value of the shares included in Executive's taxable income on such date.

(e) Expenses. Executive shall be reimbursed for all reasonable business related expenses incurred by Executive at the request of or on behalf of the Employer, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Employer. Any expenses incurred during the Employment Period but not reimbursed by the Employer by the end of the Employment Period, shall remain the obligation of the Employer to so reimburse Executive.

(f) Health and Welfare Benefit Plans. During the Employment Period, Executive and Executive's immediate family shall be entitled to participate in such health and welfare benefit plans as the Employer shall maintain from time to time for the benefit of senior executive officers of the Employer and their families, on the terms and subject to the conditions set forth in such plan. Nothing in this Section shall limit the Employer's right to change or modify or terminate any benefit plan or program as it sees fit from time to time in the normal course of business so long as it does so for all senior executives of the Employer.

(g) Vacations. Executive shall be entitled to paid vacations in accordance with the then regular procedures of the Employer governing senior executive officers.

(h) Other Benefits. During the Employment Period, the Employer shall provide to Executive such other benefits, as generally made available to other senior executives of the Employer (other than life insurance and other death benefits and other than long-term disability coverage).

4. Indemnification and Liability Insurance. The Employer agrees to indemnify Executive to the extent permitted by applicable law, as the same exists and may hereafter be amended, from and against any and all losses, damages, claims, liabilities and expenses asserted against, or incurred or suffered by, Executive (including the costs and expenses of legal counsel retained by the Employer to defend Executive and judgments, fines and amounts paid in settlement actually and reasonably incurred by or imposed on such indemnified party) with respect to any action, suit or proceeding, whether civil, criminal administrative or investigative (a "Proceeding") in which Executive is made a party or threatened to be made a party, either with regard to his entering into this Agreement with the Employer or in his

capacity as an officer (including, for the avoidance of doubt, as the CIO) or director, or former officer or director, of the Employer or any affiliate thereof for which he may serve in such capacity. The Employer also agrees to secure and maintain officers and directors liability insurance providing coverage for Executive. The provisions of this Section 4 shall remain in effect after this Agreement is terminated irrespective of the reasons for termination.

5. Employer's Policies. Executive agrees to observe and comply with the reasonable rules and regulations of the Employer as adopted by the Board from time to time regarding the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board, so long as same are otherwise consistent with this Agreement.

6. Termination. Executive's employment hereunder may be terminated under the following circumstances:

(a) Termination by the Employer.

(i) Death. Executive's employment hereunder shall terminate upon his death.

(ii) Disability. If, as a result of Executive's incapacity due to physical or mental illness or disability, Executive shall have been incapable of performing his duties hereunder even with a reasonable accommodation on a full-time basis for the entire period of four consecutive months or any 120 days in a 180-day period, and within 30 days after written Notice of Termination (as defined in Section 6(d)) is given he shall not have returned to the performance of his duties hereunder on a full-time basis, the Employer may terminate Executive's employment hereunder.

(iii) Cause. The Employer may terminate Executive's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean: (i) Executive's engaging in conduct which is a felony; (ii) Executive's engaging in conduct constituting a material breach of fiduciary duty, gross negligence or willful and material misconduct, material fraud or willful and material misrepresentation; (iii) Executive's material breach of any of his obligations under Section 8(a) through 8(e) of this Agreement; or (iv) Executive's failure to competently perform his duties after receiving notice from the Employer specifically identifying the manner in which Executive has failed to perform (it being understood that, for this purpose, the manner and level of Executive's performance shall not be determined based on the financial performance (including without limitation the performance of the stock) of the Employer).

(iv) Without Cause. Executive's employment hereunder may be terminated by the Employer at any time with or without Cause (as defined in Section 6(a)(iii) above), by a majority vote of all of the members of the Board upon written notice to Executive, subject only to the severance provisions specifically set forth in Section 7.

(b) Termination by Executive.

(i) Disability. Executive may terminate his employment hereunder for Disability within the meaning of Section 6(a)(ii) above.

(ii) With Good Reason. Executive's employment hereunder may be terminated by Executive with Good Reason effective immediately by written notice to the Board. For purposes of this Agreement, with "Good Reason" shall mean: (i) a failure by the Employer to pay compensation in accordance with the provisions of Section 3, which failure has not been cured within 14 days after the notice of the failure (specifying the same) has been given by Executive to the Employer; (ii) a material breach by the Employer of any other provision of this Agreement which has not been cured within 30 days after notice of noncompliance (specifying the nature of the noncompliance) has been given by Executive to the Employer; or (iii) his primary reporting relationship ceases to be to the Chief Executive Officer. On and after the occurrence of a Change-in-Control (as defined in Section 6(c) below), "Good Reason" shall also include, in addition to the foregoing:

(A) a change in duties, responsibilities, status or positions with the Employer that does not represent a promotion from or maintaining of Executive's duties, responsibilities, status or positions as in effect immediately prior to the Change-in-Control, or any removal of Executive from or any failure to reappoint or reelect Executive to such positions, except in connection with the termination of Executive's employment for Cause, disability, retirement or death;

(B) a reduction by the Employer in Executive's Base Salary or bonus compensation as in effect immediately prior to the Change-in-Control;

(C) the failure by the Employer to continue in effect any of the benefit plans including, but not limited to ongoing stock option and equity awards, in which Executive is participating at the time of the Change-in-Control of the Employer (unless Executive is permitted to participate in any substitute benefit plan with substantially the same terms and to the same extent and with the same rights as Executive had with respect to the benefit plan that is discontinued) other than as a result of the normal expiration of any such benefit plan in accordance with its terms as in effect at the time of the Change-in-Control, or the taking of any action, or the failure to act, by the Employer which would adversely affect Executive's continued participation in any of such benefit plans on at least as favorable a basis to Executive as was the case on the date of the Change-in-Control or which would materially reduce Executive's benefits in the future under any of such benefit plans or deprive Executive of any material benefits enjoyed by Executive at the time of the Change-in-Control; provided, however, that any such action or inaction on the part of the Employer, including any modification, cancellation or termination of any benefits plan, undertaken in order to maintain such plan in compliance with any federal, state or local law or regulation governing benefits plans, including, but not limited to, the Employment Retirement Income Security Act of 1974, shall not constitute Good Reason for the purposes of this Agreement;

(D) the Employer's requiring Executive to be based in an office located more than 25 miles from Manhattan, other than for Executive's temporary relocation in connection with the start-up of new businesses of the Employer in new markets, and except for required travel relating to the

Employer's business to an extent substantially consistent with the business travel obligations which Executive undertook on behalf of the Employer prior to the Change-in-Control; and

(E) the failure by the Employer to obtain from any successor to the Employer an agreement to be bound by this Agreement pursuant to Section 16 hereof, which has not been cured within 30 days after the notice of the failure (specifying the same) has been given by Executive to the Employer.

(iii) Without Good Reason. Executive shall have the right to terminate his employment hereunder without Good Reason, subject to the terms and conditions of this Agreement.

(c) Definitions. The following terms shall be defined as set forth below.

(i) A "Change-in-Control" shall be deemed to have occurred if:

(A) any Person, together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Securities Exchange Act of 1934 (the "Exchange Act")) of such Person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Employer or SL Green Operating Partnership, L.P. (the "OP") representing 25% or more of either (1) the combined voting power of the Employer's and/or OP's then outstanding securities having the right to vote in an election of the Board ("Voting Securities") or (2) the then outstanding shares of all classes of stock of the Employer or OP (in either such case other than as a result of the acquisition of securities directly from the Employer or OP); or

(B) the members of the Board at the beginning of any consecutive 24-calendar-month period commencing on or after the date hereof (the "Incumbent Directors") cease for any reason other than due to death to constitute at least a majority of the members of the Board; provided that any director whose election, or nomination for election by the Employer's stockholders, was approved by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 24-calendar-month period, shall be deemed to be an Incumbent Director; or

(C) the stockholders of the Employer shall approve (1) any consolidation or merger of the Employer or any subsidiary where the stockholders of the Employer, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or

indirectly, shares representing in the aggregate at least 50% of the voting shares of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (2) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Employer, if the shareholders of the Employer and unitholders of the OP taken as

a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than 50% percent of the surviving or acquiring company and partnership taken as a whole or (3) any plan or proposal for the liquidation or dissolution of the Employer.

Notwithstanding the foregoing, a "Change-in-Control" shall not be deemed to have occurred for purposes of the foregoing clause (A) solely as the result of an acquisition of securities by the Employer which, by reducing the number of shares of stock or other Voting Securities outstanding, increases (x) the proportionate number of shares of stock of the Employer beneficially owned by any Person to 25% or more of the shares of stock then outstanding or (y) the proportionate voting power represented by the Voting Securities beneficially owned by any Person to 25% or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if any Person referred to in clause (x) or (y) of this sentence shall thereafter become the beneficial owner of any additional stock of the Employer or other Voting Securities (other than pursuant to a share split, stock dividend, or similar transaction), then a "Change-in-Control" shall be deemed to have occurred for purposes of the foregoing clause (A).

(ii) "Person" shall have the meaning used in Sections 13(d) and 14(d) of the Exchange Act; provided however, that the term "Person" shall not include (A) Stephen L. Green, (B) Executive or (C) the Employer, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan of the Employer or any of its subsidiaries. In addition, no Change-in-Control shall be deemed to have occurred under clause (i)(A) above by virtue of a "group" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming a beneficial owner as described in such clause, if any individual or entity described in clause (A), (B) or (C) of the foregoing sentence is a member of such group.

(d) Notice of Termination. Any termination of Executive's employment by the Employer or by Executive (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 12 of this Agreement. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and, as applicable, shall set forth in reasonable detail the fact and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

7. Compensation Upon Termination.

(a) Termination By Employer Without Cause or By Executive With Good Reason. If (i) Executive is terminated by the Employer without Cause pursuant to Section 6(a)(iv) above, or (ii) Executive shall terminate his employment hereunder with Good Reason pursuant to Section (6)(b)(ii) above, then the Employment Period shall terminate as of the effective date set forth in the written notice of such termination (the "Termination Date") and Executive shall be entitled to the following payment and benefits:

(i) Executive shall receive any earned and accrued but unpaid Base Salary on the Termination Date, and any earned and accrued but unpaid incentive compensation and bonuses payable at such times as would have applied without regard to such termination.

(ii) The Employer shall continue to pay Executive's Base Salary (at the rate in effect on the date of his termination) and annual performance bonus (based on the amount paid for the immediately preceding year or, if the termination takes place prior to a bonus having been previously so paid, the sum of $200,000) for the remaining term of the Employment Period after the date of Executive's termination, on the same periodic payment dates as payment would have been made to Executive had the Employment Period not been terminated for the remaining term of the Employment Period after the date of Executive's termination; provided, however, that if such termination occurs upon or following a Change-in-Control, the Employer shall continue to pay Executive's Base Salary (at the rate in effect on the date of his termination) and annual performance bonus (based on the highest amount paid for the three preceding years or, if the termination takes place prior to a bonus having been previously so paid, the sum of $200,000) for the greater of 18 months or the remaining term of the Employment Period after the date of Executive's termination, on such periodic payment dates.

(iii) Executive shall continue to receive all benefits described in Section 3(f) existing on the date of termination for the remaining term of the Employment Period, subject to the terms and conditions upon which such benefits may be offered to continuing senior executives from time to time. For purposes of the application of such benefits, Executive shall be treated as if he had remained in the employ of the Employer with a Base Salary at the rate in effect on the date of termination. For purposes of vesting under the Employer's Outperformance Plan, without limiting any other rights that Executive may have under the Employer's Outperformance Plan, Executive shall be treated as if he had remained in the employ of the Employer for 12 months after the date of termination. Notwithstanding the foregoing, (A) nothing in this Section 7(a)(iii) shall restrict the ability of the Employer to amend or terminate the plans and programs governing the benefits described in Section 3(f) from time to time in its sole discretion, and (B) the Employer shall in no event be required to provide any benefits otherwise required by this Section 7(a)(iii) after such time as Executive becomes entitled to receive benefits of the same type from another employer or recipient of Executive's services (such entitlement being determined without regard to any individual waivers or other similar arrangements).

(iv) Any unvested shares of restricted stock (i.e., shares then still subject to restrictions under the applicable award agreement) granted to Executive by the Employer shall become vested (i.e., free from such restrictions) and, as applicable, Executive shall be entitled to receive the amount described in the last sentence of Section 3(d) (for the avoidance of doubt, the foregoing provisions of this sentence shall not refer to grants under the Employer's Outperformance Plan, which shall apply in accordance with its terms as in effect from time to time), and any unexerciseable or unvested stock options granted to Executive by the Employer shall become vested and exercisable on the

date of Executive's termination. Any unexercised stock options granted to Executive by the Employer shall remain exercisable until the second January 2 to follow the Termination

Date or, if earlier, the expiration of the initial applicable term stated at the time of the grant.

Other than as may be provided under Section 4 or as expressly provided in this Section 7(a), the Employer shall have no further obligations hereunder following such termination.

(b) Termination By the Employer For Cause or By Executive Without Good Reason. If (i) Executive is terminated by the Employer for Cause pursuant to Section 6(a)(iii) above, or (ii) Executive voluntarily terminates his employment hereunder without Good Reason pursuant to Section 6(b)(ii) above, then the Employment Period shall terminate as of the effective date set forth in the written notice of such termination (the "Termination Date") and Executive shall be entitled to receive his earned and accrued but unpaid Base Salary at the rate then in effect until the Termination Date. In addition, in such event, Executive shall be entitled (i) to receive any earned and accrued but unpaid incentive compensation or bonuses, payable at such times as would have applied without regard to such termination, except that, notwithstanding the foregoing, no amounts shall be payable under this clause (i) in the case of a termination by the Employer for Cause under clause (i) or (ii) of Section 6(a)(iii) (for the avoidance of doubt, the foregoing provisions of this clause (i) shall not refer to grants under the Employer's Outperformance Plan, which shall apply in accordance with its terms as in effect from time to time), (ii) to exercise any options which have vested as of the termination of Executive's employment and are exercisable to the extent provided by and otherwise in accordance with the terms of the applicable option grant agreement or plan, and (iii) to retain any restricted shares of the Employer's stock which have vested as of the termination of Executive's employment. Other than as may be provided under Section 4 or as expressly provided in this Section 7(b), the Employer shall have no further obligations hereunder following such termination.

(c) Termination by Reason of Death. If Executive's employment terminates due to his death, the Employer shall pay Executive's Base Salary plus any applicable pro rata portion of the annual performance bonus described in Section 3(b) above for a period of six months from the date of his death, or such longer period as the Board may determine, to Executive's estate or to a beneficiary designated by Executive in writing prior to his death. In the case of such a termination, (i) Executive shall be credited with six months after termination under any provisions governing restricted stock or options relating to the vesting or initial exercisability thereof, (ii) if such six months of credit would fall within a vesting period, a pro rata portion of the unvested shares of restricted stock granted to Executive that otherwise would have become vested upon the conclusion of such vesting period shall become vested on the date of Executive's termination due to his death, and a pro rata portion of the unexercisable stock options granted to Executive that otherwise would have become exercisable upon the conclusion of such vesting period shall become exercisable on the date of Executive's termination due to such death, and (iii) as applicable, Executive shall be entitled to receive the cash amount described in the last sentence of Section 3(d) with respect to the restricted shares referenced in such Section 3(d) (for the avoidance of doubt, the foregoing clauses (i), (ii) and (iii) shall not refer to grants under the Employer's Outperformance Plan, which shall apply in accordance with its terms as in effect from time to time). Furthermore, upon such death, any vested unexercised stock options granted to Executive shall remain vested and exercisable until the earlier of (A) the date on which the term of such stock options otherwise would have expired, or (B) the second January 1 after the date of Executive's termination due to his death. Other than as may be provided under Section 4

or as expressly provided in this Section 7(c), the Employer shall have no further obligations hereunder following such termination.

(d) Termination by Reason of Disability. In the event that Executive's employment terminates due to his disability as defined in Section 6(a)(ii) above, Executive shall be entitled to be paid his Base Salary plus any applicable pro rata portion of the annual performance bonus described in Section 3(b) above for a period of six months from the date of such termination, or for such longer period as such benefits are then provided with respect to other senior executives of the Employer. In the case of such a termination, (i) Executive shall be credited with six months after termination under any provisions governing restricted stock or options relating to the vesting or initial exercisability thereof, (ii) if such six months of credit would fall within a vesting period, a pro rata portion of the unvested shares of restricted stock granted to Executive that otherwise would have become vested upon the conclusion of such vesting period shall become vested on the date of Executive's termination due to his disability, and a pro rata portion of the unvested or unexercisable stock options granted to Executive that otherwise would have become vested or exercisable upon the conclusion of such vesting period shall become vested and exercisable on the date of Executive's termination due to such disability, and (iii) as applicable, Executive shall be entitled to receive the cash amount described in the last sentence of Section 3(d) with respect to the restricted shares referenced in such Section 3(d) (for the avoidance of doubt, the foregoing clauses (i), (ii) and (iii) shall not refer to grants under the Employer's Outperformance Plan, which shall apply in accordance with its terms as in effect from time to time). Furthermore, upon such disability, any vested unexercised stock options granted to Executive shall remain vested and exercisable until the earlier of (A) the date on which the term of such stock options otherwise would have expired, or (B) the second January 1 after the date of Executive's termination due to his disability. Other than as expressly provided in this Section 7(d), the Employer shall have no further obligations hereunder following such termination.

(e) Certain Option. Notwithstanding the foregoing provisions of this Section 7, with respect to the option provided for by that certain option agreement between Executive and the Employer dated October 10, 2002, (i) such provisions shall not apply, (ii) in the event Executive's employment is terminated by the Employer Without Cause, by Executive With Good Reason or by reason of Executive's death or disability, in each case as contemplated by Section 6, such option shall (without duplication) immediately become vested and exercisable with respect to the number of underlying shares of the Employer's common stock as would have applied on the date of termination had such option theretofore become vested and exercisable on a pro-rata monthly basis over a 60-month period commencing on the date of grant, and (iii) except as otherwise provided in this sentence, such option agreement shall apply in accordance with its terms.

8. Confidentiality; Prohibited Activities. Executive and the Employer recognize that due to the nature of his employment and relationship with the Employer, Executive has access to and develops confidential business information, proprietary information, and trade secrets relating to the business and operations of the Employer. Executive acknowledges that (i) such information is valuable to the business of the Employer, (ii) disclosure to, or use for the benefit of, any person or entity other than the Employer, would cause irreparable damage to the Employer, (iii) the principal businesses of the Employer

are the acquisition, development, management, leasing or financing of any office real estate property, including without limitation the origination of first-mortgage and mezzanine debt or preferred equity financing for real estate projects throughout the United States (collectively, the "Business"), (iv) the Employer is one of the limited number of persons who have developed a business such as the Business, and (v) the Business

is national in scope. Executive further acknowledges that his duties for the Employer include the duty to develop and maintain client, customer, employee, and other business relationships on behalf of the Employer; and that access to and development of those close business relationships for the Employer render his services special, unique and extraordinary. In recognition that the good will and business relationships described herein are valuable to the Employer, and that loss of or damage to those relationships would destroy or diminish the value of the Employer, and in consideration of the compensation (including severance) arrangements hereunder, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by Executive, Executive agrees as follows:

(a) Confidentiality. During the term of this Agreement (including any renewals), and at all times thereafter, Executive shall maintain the confidentiality of all confidential or proprietary information of the Employer ("Confidential Information"), and, except in furtherance of the business of the Employer or as specifically required by law or by court order, he shall not directly or indirectly disclose any such information to any person or entity; nor shall he use Confidential Information for any purpose except for the benefit of the Employer. For purposes of this Agreement, "Confidential Information" includes, without limitation: client or customer lists, identities, contacts, business and financial information (excluding those of Executive prior to employment with Employer); investment strategies; pricing information or policies, fees or commission arrangements of the Employer; marketing plans, projections, presentations or strategies of the Employer; financial and budget information of the Employer; new personnel acquisition plans; and all other business related information which has not been publicly disclosed by the Employer. This restriction shall apply regardless of whether such Confidential Information is in written, graphic, recorded, photographic, data or any machine readable form or is orally conveyed to, or memorized by, Executive.

(b) Prohibited Activities. Because Executive's services to the Employer are essential and because Executive has access to the Employer's Confidential Information, Executive covenants and agrees that:

(i) during the Employment Period, and for the one-year period following the termination of Executive by either party for any reason (including the expiration of the term of this Agreement), Executive will not, anywhere in the United States, without the prior written consent of the Board which shall include the unanimous consent of the Directors other than any other officer of the Employer, directly or indirectly (individually, or through or on behalf of another entity as owner, partner, agent, employee, consultant, or in any other capacity), engage, participate or assist, as an owner, partner, employee, consultant, director, officer, trustee or agent, in any element of the Business, subject, however, to Section 8(c) below; provided, however, that this Section 8(b)(i) shall not apply after the Employment Period if Executive terminates his employment on six months' written notice given within 30 days following (A) the termination of Marc Holliday's employment, under the terms of Mr. Holliday's employment agreement (the "Holliday Employment Agreement"), by the Employer without cause (but, for the avoidance of doubt, not including a termination on account of death or disability) or by Mr. Holliday for good reason ("cause" and "good reason" as used in this clause (A) being as defined under the Holliday Employment Agreement), or (B) such time as Mr. Holliday remains employed by the Employer, but not as Chief Executive Officer or co-Chief Executive Officer or in a substantially similar chief executive position; and

(ii) during the Employment Period, and during (x) the two-year period following the termination of Executive by either party for any reason (including the expiration of the term of the Agreement) in the case of clause (A) below, or (y) the one-year period following such termination in the case of clause (B) below, Executive will not, without the prior written consent of the Board which shall include the unanimous consent of the Directors who are not officers of the Employer, directly or indirectly (individually, or through or on behalf of another entity as owner, partner, agent, employee, consultant, or in any other capacity), (A) solicit, encourage, or engage in any activity to induce any Employee of the Employer to terminate employment with the Employer, or to become employed by, or to enter into a business relationship with, any other person or entity, or (B) engage in any activity intentionally to interfere with, disrupt or damage the Business of the Employer, or its relationships with any client, supplier or other business relationship of the Employer. For purposes of this subsection, the term "employee" means any individual who is an employee of or consultant to the Employer (or any affiliate) during the six-month period prior to Executive's last day of employment.

(c) Other Investments. Notwithstanding anything contained herein to the contrary, Executive is not prohibited by this Section 8 from making investments (i) expressly disclosed to the Employer in writing before the date hereof; (ii) solely for investment purposes and without participating in the business in which the investments are made, in any entity that engages, directly or indirectly, in the acquisition, development, construction, operation, management, financing or leasing of office real estate properties, regardless of where they are located, if (x) Executive's aggregate investment in each such entity constitutes less than one percent of the equity ownership of such entity, (y) the investment in the entity is in securities traded on any national securities exchange or the National Association of Securities Dealers, Inc. Automated Quotation System, and (z) Executive is not a controlling person of, or a member of a group which controls, such entity; or (iii) if (A) except with the prior written consent of the Employer, he has less than a 25% interest in the investment in question, (B) except with the prior written consent of the Employer, he does not have the role of a general partner or managing member, or any similar role, (C) the investment is not an appropriate investment opportunity for the Employer, and (D) the investment activity is not directly competitive with the businesses of the Employer.

(d) Employer Property. Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by the Employer are the sole property of the Employer ("Employer Property"). During his employment, and at all times thereafter, Executive shall not remove, or cause to be removed, from the premises of the Employer, copies of any record, file, memorandum, document, computer related information or equipment, or any other item relating to the business of the Employer, except in furtherance of his duties under this Agreement. When Executive terminates his employment with the Employer, or upon request of the Employer at any time, Executive shall promptly deliver to the Employer all originals and copies of Employer Property in his possession or control and shall not retain any originals or copies in any form.

(e) No Disparagement. For one year following termination of Executive's employment for any reason, Executive shall not intentionally disclose or cause to be disclosed any negative, adverse or derogatory comments or information about (i) the Employer and its parent, affiliates or subsidiaries, if any; (ii) any product or service provided by the Employer and its parent, affiliates or subsidiaries, if any; or (iii) the Employer's and its parent's, affiliates' or

subsidiaries' prospects for the future. For one year following termination of Executive's employment for any reason, the Employer shall not disclose or cause to be disclosed any negative, adverse or derogatory comments or information about Executive. Nothing in this Section shall prohibit either the Employer or Executive from testifying truthfully in any legal or administrative proceeding.

(f) Remedies. Executive declares that the foregoing limitations in Sections 8(a) through 8(f) above are reasonable and necessary for the adequate protection of the business and the goodwill of the Employer. If any restriction contained in this Section 8 shall be deemed to be invalid, illegal or unenforceable by reason of the extent, duration or scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, scope, or other provisions hereof to make the restriction consistent with applicable law, and in its reduced form such restriction shall then be enforceable in the manner contemplated hereby. In the event that Executive breaches any of the promises contained in this Section 8, Executive acknowledges that the Employer's remedy at law for damages will be inadequate and that the Employer will be entitled to specific performance, a temporary restraining order or preliminary injunction to prevent Executive's prospective or continuing breach and to maintain the status quo. The existence of this right to injunctive relief, or other equitable relief, or the Employer's exercise of any of these rights, shall not limit any other rights or remedies the Employer may have in law or in equity, including, without limitation, the right to arbitration contained in Section 9 hereof and the right to compensatory and monetary damages. Executive hereby agrees to waive his right to a jury trial with respect to any action commenced to enforce the terms of this Agreement. Executive shall have remedies comparable to those of the Employer as set forth above in this Section 8(f) if the Employer breaches Section 8(e).

(g) Transition. Regardless of the reason for his departure from the Employer, Executive agrees that at the Employer's sole costs and expense, for a period of not more than 30 days after termination of Executive, he shall take all steps reasonably requested by the Employer to effect a successful transition of client and customer relationships to the person or persons designated by the Employer, subject to Executive's obligations to his new employer.

(h) Cooperation with Respect to Litigation. During the Employment period and at all times thereafter, Executive agrees to give prompt written notice to the Employer of any claim relating to the Employer and to cooperate fully, in good faith and to the best of his ability with the Employer in connection with any and all pending, potential or future claims, investigations or actions which directly or indirectly relate to any action, event or activity about which Executive may have knowledge in connection with or as a result of his employment by the Employer hereunder. Such cooperation will include all assistance that the Employer, its counsel or its representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness; provided, however, that the Employer will reimburse Executive for all reasonable expenses, including travel, lodging and meals, incurred by him in fulfilling his obligations under this Section 8(h) and, except as may be required by law or by court order, should Executive then be employed by an entity other than the Employer, such cooperation will not materially interfere with Executive's then current employment.

(i) Survival. The provisions of this Section 8 shall survive termination of Executive's employment any other provisions relating to the enforcement thereof.

9. Arbitration. Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement (other than a controversy or claim arising under Section 8, to the extent necessary for the Employer (or its affiliates, where applicable) to avail itself of the rights and remedies referred to in Section 8(f)) that is not resolved by Executive and the Employer (or its affiliates, where applicable) shall be submitted to arbitration in New York, New York in accordance with New York law and the procedures of the American Arbitration Association. The determination of the arbitrator(s) shall be conclusive and binding on the Employer (or its affiliates, where applicable) and Executive and judgment may be entered on the arbitrator(s)' award in any court having jurisdiction.

10. Conflicting Agreements. Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

11. No Duplication of Payments. Executive shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

12. Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand and or sent by prepaid telex, cable or other electronic devices or sent, postage prepaid, by registered or certified mail or telecopy or overnight courier service and shall be deemed given when so delivered by hand, telexed, cabled or telecopied, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service), as follows:

(a) if to Executive:

Andrew Mathias, at the address shown on the execution page hereof.

(b) if to the Employer:

SL Green Realty Corp.
420 Lexington Avenue
New York, New York 10170
Attn: General Counsel

With a copy to:

Clifford Chance US LLP
200 Park Avenue
New York, New York 10166
Attention: Robert E. King, Jr.

or such other address as either party may from time to time specify by written notice to the other party hereto.

13. Amendments. No amendment, modification or waiver in respect of this Agreement shall be effective unless it shall be in writing and signed by the party against whom such amendment, modification or waiver is sought.

14. Severability. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any person or circumstances shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion hereof) or the application of such provision to any other persons or circumstances.

15. Withholding. The Employer shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

16. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which or into which the Employer may be merged or which may succeed to its assets or business, provided, however, that the obligations of Executive are personal and shall not be assigned by him. This Agreement shall inure to the benefit of and be enforceable by Executive's personal and legal representatives, executors, administrators, assigns, heirs, distributees, devisees and legatees.

17. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other party.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of law principles of such State.

19. Choice of Venue. Executive agrees to submit to the jurisdiction of the United States District Court for the Southern District of New York or the Supreme Court of the State of New York, New York County, for the purpose of any action to enforce any of the terms of this Agreement.

20. Parachutes. Notwithstanding any other provision of this Agreement, if all or any portion of the payments and benefits provided under this Agreement (including without limitation any accelerated vesting), or any other payments and benefits which Executive receives or is entitled to receive from the Employer or an affiliate, or any combination of the foregoing, would constitute an excess "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") (whether or not under an existing plan, arrangement or other agreement) (each such parachute payment, a "Parachute Payment"), and would result in the imposition on Executive of an excise tax under Section 4999 of the Code or any successor thereto, then, in addition to any other benefits to which Executive is entitled under this Agreement, Executive shall be paid by the Employer an amount in cash equal to the sum of the excise taxes payable by Executive by reason of receiving Parachute Payments plus the amount necessary to put Executive in the same after-tax position (taking into account any and all applicable federal, state and local excise, income or other taxes at the highest possible applicable rates on such Parachute Payments (including without limitation any payments under this Section 20)) as if no excise taxes had been imposed with respect to Parachute Payments (the "Parachute Gross-up"). The amount of any payment under this Section 20 shall be computed by a certified public accounting firm of national reputation reasonably selected by the Employer. Executive and the Employer will provide the

accounting firms with all information which any accounting firm reasonably deems necessary in computing the Parachute Gross-up to be made available to Executive. In the event that the Internal Revenue Service or a court, as applicable, finally and in a decision that has become unappealable, determines that a greater or lesser amount of tax is due, then the Employer shall within five business days thereafter shall pay the additional amounts, or Executive within five business days after receiving a refund shall pay over the amount refunded to the Employer, respectively; provided that (i) Executive shall not initiate any proceeding or other contests regarding these matters, other than at the direction of the Employer, and shall provide notice to the Employer of any proceeding or other contest regarding these matters initiated by the Internal Revenue Service, and (ii) the Employer shall be entitled to direct and control all such proceeding and other contests, if it commits to and does pay all costs (including without limitation legal and other professional fees) associated therewith.

21. Entire Agreement. This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. The parties hereto shall not be liable or bound to any other party in any manner by any representations, warranties or covenants relating to such subject matter except as specifically set forth herein.

22. Paragraph Headings. Section headings used in this Agreement are included for convenience of reference only and will not affect the meaning of any provision of this agreement.

23. Board Approval. Employer represents that the Board has approved the economic terms of this Agreement.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first written above, and is being executed on March 10, 2004.

SL GREEN REALTY CORP.

By: _____
Name:
Title:

Andrew Mathias

[to be deleted from all public filings:]

EXHIBIT A

SUMMARY OF STOCK OPTION TERMS

Plan: SL Green Realty Corp. Amended 1997 Stock Option and Incentive Plan (the "Plan")

Number of Shares Subject to Option: 75,000

Exercise Price: $36.55

Vesting: A portion of the options shall vest, if and as employment continues, at the times and in the amounts as set forth below:

January 1, 2005	10%
January 1, 2005	20%
January 1, 2006	30%
January 1, 2007	40%

EXHIBIT B

RESTRICTED STOCK AWARD

1. Plan: SL Green Realty Corp. Amended 1997 Stock Option and Incentive Plan (the "Plan")

2. Grant Date: January 1, 2004

3. Total Number of Shares: 52,500 – 35,000 shares issued as of January 1, 2004, in addition to 17,500 shares already outstanding.

4. Time-Based Vesting: 17,500 new shares shall vest if and as employment continues, at the times and in the amounts as set forth below:

January 1, 2005	1,750 shares
January 1, 2006	3,500 shares
January 1, 2007	5,250 shares
January 1, 2008	7,000 shares

8,750 of the already outstanding shares shall vest if and as employment continues, at the times and in the amounts as set forth below:

January 1, 2005	2,188 shares
January 1, 2006	3,281 shares
January 1, 2007	3,281 shares

5. Performance Vesting: In addition, 17,500 new shares shall vest (subject to clauses (i) and (ii) below) if and as employment continues, at the times and in the amounts as set forth below:

January 1, 2005	1,750 shares
January 1, 2006	3,500 shares
January 1, 2007	5,250 shares
January 1, 2008	7,000 shares

8,750 of the already outstanding shares shall vest (subject to clauses (i) and (ii) below) if and as employment continues, at the times and in the amounts as set forth below:

January 1, 2005	2,188 shares
January 1, 2006	3,281 shares
January 1, 2007	3,281 shares

With respect to the 26,250 shares subject to this Paragraph 5, such amounts are subject to the achievement of certain annual criteria set forth below:

(i) Such shares shall vest in an applicable year if the Company achieves either (A) a 7% increase in funds from operations on a per-share basis or (B) a 10% total

return to shareholders (including all dividends and stock appreciation) on each share of the Company's Common Stock, during the last fiscal year completed before the applicable Vesting Date.

(ii) If the performance criteria set forth in paragraph (i) above are not achieved in the fiscal year immediately preceding the applicable Vesting Date, the shares that did not vest in such year may still vest upon the satisfaction of the performance criteria on a cumulative basis beginning with the 2003 fiscal year and ending with the then-current fiscal year. If the cumulative performance measures are satisfied, then any shares that failed to vest during such prior year shall vest as of the applicable Vesting Date.

Notwithstanding the foregoing, if the performance criteria set forth in paragraph (i) above for a particular year are not met, but the Company's total return to shareholders is in the top one-third of its peer group companies (as to be determined for such year by the committee administering the Plan in its sole discretion) during the last fiscal year completed immediately prior to the applicable Vesting Date, then the shares that otherwise would have vested on such Vesting Date shall vest.

EMPLOYMENT AND NONCOMPETITION AGREEMENT

This EMPLOYMENT AND NONCOMPETITION AGREEMENT ("Agreement") is made as of the 3rd day of February, 2004 between Gregory F. Hughes ("Executive") and SL Green Realty Corp., a Maryland corporation with its principal place of business at 420 Lexington Avenue, New York, New York 10170 (the "Employer").

1. Term. The term of this Agreement shall commence on February 3, 2004 and shall continue for a period of three years from the commencement date, unless earlier terminated as provided in Section 6 below, shall terminate on the third anniversary of the date of this Agreement (the "Original Term"); provided, however, that Sections 4 and 8 (and any enforcement or other procedural provisions hereof affecting Sections 4 and 8) hereof shall survive the termination of this Agreement as provided therein. The Original Term may be extended for such period or periods, if any, as may be mutually agreed to in writing by Executive and the Employer (each a "Renewal Term"). If either party intends not to extend the Original Term, such party will give the other party at least six months' written notice of such intention. If either party gives such notice with less than six months remaining in the Original Term, the term of this Agreement shall be extended until the date which is six months after the date on which the notice is given. The period of Executive's employment hereunder consisting of the Original Term and all Renewal Terms (and any period of extension under the foregoing sentence), if any, is herein referred to as the "Employment Period."

2. Employment and Duties.

(a) Duties. During the Employment Period, Executive shall be employed in the business of the Employer and its affiliates. Executive shall serve the Employer as a senior corporate executive and shall have the title of Chief Financial Officer of the Employer. Executive will report to the Chief Executive Officer of the Employer. Executive shall be principally responsible for the financial systems and controls, public accounting and reporting and tax planning and implementation for Employer and shall provide assistance to Employer's Chief Executive Officer in connection with such activities. In no event shall Executive have any responsibility or duties with respect to the operations and the capital markets activities of the Employer, and, without limiting the generality of the foregoing, in no event shall any of the Executive's duties extend to or conflict with any of the duties of the Chief Operating Officer of the Employer. Executive's duties and authority shall be as further set forth in the By-laws of the Employer and as otherwise established from time to time by the Board of Directors of the Employer (the "Board") and the Chief Executive Officer of the Employer, but in all events such duties shall be commensurate with his position as Chief Financial Officer of the Employer.

(b) Best Efforts. Executive agrees to his employment as described in this Section 2 and agrees to devote substantially all of his business time and efforts to the performance of his duties under this Agreement, except as otherwise approved by the Board; provided, however, that nothing herein shall be interpreted to preclude Executive, so long as there is no material interference with his duties hereunder, from (i) participating as an officer or director of, or advisor to, any charitable or other tax exempt organization or otherwise engaging in charitable, fraternal or trade group activities; (ii) investing and managing his assets as a passive investor in other entities or business ventures; provided that he performs no management or similar role (or, in the case of investments other than real estate investments, he performs a management role comparable to the role that a significant limited partner would have, but performs no day-to-day management or similar role) with respect to such entities or ventures and such investment does not violate Section 8 hereof; and provided, further, that, in any case in which another party

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involved in the investment has a material business relationship with the Employer, Executive shall give prior written notice thereof to the Board; or (iii) serving as a member of the Board of Directors of a for-profit corporation with the approval of the Chief Executive Officer of the Employer.

(c) Travel. In performing his duties hereunder, Executive shall be available for all reasonable travel as the needs of the Employer's business may require. Executive shall be based in, or within 25 miles of, Manhattan.

3. Compensation and Benefits. In consideration of Executive's services hereunder, the Employer shall compensate Executive as provided in this Agreement.

(a) Base Salary. The Employer shall pay Executive an aggregate minimum annual salary at the rate of $400,000 per annum during the Employment Period ("Base Salary"). Base Salary shall be payable bi-weekly in accordance with the Employer's normal business practices and shall be reviewed by the Board or Compensation Committee at least annually.

(b) Incentive Compensation/Bonuses. In addition to Base Salary, during the Employment Period, Executive shall be eligible for and shall receive such discretionary annual bonuses as the Board, in its sole discretion, may deem appropriate to reward Executive for job performance; provided, however, that Executive's annual performance bonus shall not be less than $200,000. In addition, Executive shall be eligible to participate in any other bonus or incentive compensation plans in effect with respect to senior executive officers of the Employer, as the Board, in its sole discretion, may deem appropriate to reward Executive for job performance. Executive shall be eligible to participate in the SL Green Realty Corp. 2003 Long-Term Outperformance Compensation Program, as amended December 2003 (the "Outperformance Plan"), subject to the terms and conditions as set forth in the Employer's Outperformance Plan. It is expressly understood that, with respect to awards under the Outperformance Plan, the provisions of the Outperformance Plan, as amended from time to time, and not the provisions of this Agreement, shall govern in accordance with their terms, except with respect to the 12 months of vesting credit provided for under the third sentence of Section 7(a)(iii). If the term of this Agreement is extended under the penultimate sentence of Section 1, and Executive's employment terminates as of the expiration of the term as so extended, then (i) upon such termination of employment, Executive shall receive (without duplication) an amount equal to (A) $200,000 multiplied by (B) a fraction (x) the numerator of which is the number of days in the fiscal year of termination during which Executive was employed and (y) the denominator of which is 365, and (ii) no other bonus-related amounts shall be payable under this Section 3(b) for the fiscal year of termination.

(c) Stock Options. As determined by the Board, in its sole discretion, Executive shall be eligible to participate in the Employer's then current Stock Option and Incentive Plan (the "Plan"), which authorizes the grant of stock options and stock awards of the Employer's common stock ("Common Stock"). Subject to the provisions of the Plan (including the procedures therein relating to grants), Executive will be granted options thereunder for 100,000 shares of the Employer's Common Stock, effective as of the commencement of employment hereunder, in accordance with and subject to definitive documentation which is consistent with the terms summarized on Exhibit A hereto and which is otherwise consistent with the Employer's general practices for documentation contemplated by the Plan.

(d) Other Equity Awards. Subject to the provisions of the Plan (including the procedures therein relating to grants), Executive will be granted 22,500 restricted shares of

Common Stock, effective as of the commencement of employment hereunder, in accordance with and subject to definitive documentation which is consistent with the terms summarized on Exhibit B hereto and which is otherwise consistent with the Employer's general practices for documentation contemplated by the Plan. In addition, the Employer shall pay Executive an additional cash amount, intended to serve generally as a tax gross-up, upon each date on which the restricted shares vest and become taxable, equal to 40% of the value of the shares included in Executive's taxable income on such date.

(e) Expenses. Executive shall be reimbursed for all reasonable business related expenses incurred by Executive at the request of or on behalf of the Employer, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Employer. Any expenses incurred during the Employment Period but not reimbursed by the Employer by the end of the Employment Period, shall remain the obligation of the Employer to so reimburse Executive.

(f) Health and Welfare Benefit Plans. During the Employment Period, Executive and Executive's immediate family shall be entitled to participate in such health and welfare benefit plans as the Employer shall maintain from time to time for the benefit of senior executive officers of the Employer and their families, on the terms and subject to the conditions set forth in such plan. Nothing in this Section shall limit the Employer's right to change or modify or terminate any benefit plan or program as it sees fit from time to time in the normal course of business so long as it does so for all senior executives of the Employer.

(g) Vacations. Executive shall be entitled to paid vacations in accordance with the then regular procedures of the Employer governing senior executive officers.

(h) Other Benefits. During the Employment Period, the Employer shall provide to Executive such other benefits, as generally made available to other senior executives of the Employer (other than life insurance and other death benefits and other than long-term disability coverage).

4. Indemnification and Liability Insurance. The Employer agrees to indemnify Executive to the extent permitted by applicable law, as the same exists and may hereafter be amended, from and against any and all losses, damages, claims, liabilities and expenses asserted against, or incurred or suffered by, Executive (including the costs and expenses of legal counsel retained by the Employer to defend Executive and judgments, fines and amounts paid in settlement actually and reasonably incurred by or imposed on such indemnified party) with respect to any action, suit or proceeding, whether civil, criminal administrative or investigative (a "Proceeding") in which Executive is made a party or threatened to be made a party, either with regard to his entering into this Agreement with the Employer or in his capacity as an officer or director, or former officer or director, of the Employer or any affiliate thereof for which he may serve in such capacity. The Employer also agrees to secure and maintain officers and directors liability insurance providing coverage for Executive. The provisions of this Section 4 shall remain in effect after this Agreement is terminated irrespective of the reasons for termination.

5. Employer's Policies. Executive agrees to observe and comply with the reasonable rules and regulations of the Employer as adopted by the Board from time to time regarding the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Board, so long as same are otherwise consistent with this Agreement.

6. Termination. Executive's employment hereunder may be terminated under the following circumstances:

(a) Termination by the Employer.

(i) Death. Executive's employment hereunder shall terminate upon his death.

(ii) Disability. If, as a result of Executive's incapacity due to physical or mental illness or disability, Executive shall have been incapable of performing his duties hereunder even with a reasonable accommodation on a full-time basis for the entire period of four consecutive months or any 120 days in a 180-day period, and within 30 days after written Notice of Termination (as defined in Section 6(d)) is given he shall not have returned to the performance of his duties hereunder on a full-time basis, the Employer may terminate Executive's employment hereunder.

(iii) Cause. The Employer may terminate Executive's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean: (i) Executive's engaging in conduct which is a felony; (ii) Executive's engaging in conduct constituting a material breach of fiduciary duty, gross negligence or willful and material misconduct, material fraud or willful and material misrepresentation; (iii) Executive's material breach of any of his obligations under Section 8(a) through 8(e) of this Agreement; or (iv) Executive's failure to competently perform his duties after receiving notice from the Employer specifically identifying the manner in which Executive has failed to perform (it being understood that, for this purpose, the manner and level of Executive's performance shall not be determined based on the financial performance (including without limitation the performance of the stock) of the Employer).

(iv) Without Cause. Executive's employment hereunder may be terminated by the Employer at any time with or without Cause (as defined in Section 6(a)(iii) above), by a majority vote of all of the members of the Board upon written notice to Executive, subject only to the severance provisions specifically set forth in Section 7.

(b) Termination by Executive.

(i) Disability. Executive may terminate his employment hereunder for Disability within the meaning of Section 6(a)(ii) above.

(ii) With Good Reason. Executive's employment hereunder may be terminated by Executive with Good Reason effective immediately by written notice to the Board. For purposes of this Agreement, with "Good Reason" shall mean: (i) a failure by the Employer to pay compensation in accordance with the provisions of Section 3, which failure has not been cured within 14 days after the notice of the failure (specifying the same) has been given by Executive to the Employer; or (ii) a material breach by the Employer of any other provision of this Agreement which has not been cured within 30 days after notice of noncompliance (specifying the nature of the noncompliance) has been given by Executive to the Employer. On and after the occurrence of a Change-in-Control (as defined in Section 6(c) below), "Good Reason" shall also include, in addition to the foregoing:

(A) a change in duties, responsibilities, status or positions with the Employer that does not represent a promotion from or maintaining of Executive's duties, responsibilities, status or positions as in effect immediately prior to the Change-in-Control, or any removal of Executive from or any failure to reappoint

or reelect Executive to such positions, except in connection with the termination of Executive's employment for Cause, disability, retirement or death;

(B) a reduction by the Employer in Executive's Base Salary or bonus compensation as in effect immediately prior to the Change-in-Control;

(C) the failure by the Employer to continue in effect any of the benefit plans including, but not limited to ongoing stock option and equity awards, in which Executive is participating at the time of the Change-in-Control of the Employer (unless Executive is permitted to participate in any substitute benefit plan with substantially the same terms and to the same extent and with the same rights as Executive had with respect to the benefit plan that is discontinued) other than as a result of the normal expiration of any such benefit plan in accordance with its terms as in effect at the time of the Change-in-Control, or the taking of any action, or the failure to act, by the Employer which would adversely affect Executive's continued participation in any of such benefit plans on at least as favorable a basis to Executive as was the case on the date of the Change-in-Control or which would materially reduce Executive's benefits in the future under any of such benefit plans or deprive Executive of any material benefits enjoyed by Executive at the time of the Change-in-Control; provided, however, that any such action or inaction on the part of the Employer, including any modification, cancellation or termination of any benefits plan, undertaken in order to maintain such plan in compliance with any federal, state or local law or regulation governing benefits plans, including, but not limited to, the Employment Retirement Income Security Act of 1974, shall not constitute Good Reason for the purposes of this Agreement;

(D) the Employer's requiring Executive to be based in an office located more than 25 miles from Manhattan, except for required travel relating to the Employer's business to an extent substantially consistent with the business travel obligations which Executive undertook on behalf of the Employer prior to the Change-in-Control; and

(E) the failure by the Employer to obtain from any successor to the Employer an agreement to be bound by this Agreement pursuant to Section 16 hereof, which has not been cured within 30 days after the notice of the failure (specifying the same) has been given by Executive to the Employer.

(iii) Without Good Reason. Executive shall have the right to terminate his employment hereunder without Good Reason, subject to the terms and conditions of this Agreement.

(c) Definitions. The following terms shall be defined as set forth below.

(i) A "Change-in-Control" shall be deemed to have occurred if:

(A) any Person, together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Securities Exchange Act of 1934 (the "Exchange Act")) of such Person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Employer or SL Green Operating Partnership, L.P.

(the "OP") representing 25% or more of either (1) the combined voting power of the Employer's and/or OP's then outstanding securities having the right to vote in an election of the Board ("Voting Securities") or (2) the then outstanding shares of all classes of stock of the Employer or OP (in either such case other than as a result of the acquisition of securities directly from the Employer or OP); or

(B) the members of the Board at the beginning of any consecutive 24-calendar-month period commencing on or after the date hereof (the "Incumbent Directors") cease for any reason other than due to death to constitute at least a majority of the members of the Board; provided that any director whose election, or nomination for election by the Employer's stockholders, was approved by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 24-calendar-month period, shall be deemed to be an Incumbent Director; or

(C) the stockholders of the Employer shall approve (1) any consolidation or merger of the Employer or any subsidiary where the stockholders of the Employer, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate at least 50% of the voting shares of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (2) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets

of the Employer, if the shareholders of the Employer and unitholders of the OP taken as a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than 50% percent of the surviving or acquiring company and partnership taken as a whole or (3) any plan or proposal for the liquidation or dissolution of the Employer.

Notwithstanding the foregoing, a "Change-in-Control" shall not be deemed to have occurred for purposes of the foregoing clause (A) solely as the result of an acquisition of securities by the Employer which, by reducing the number of shares of stock or other Voting Securities outstanding, increases (x) the proportionate number of shares of stock of the Employer beneficially owned by any Person to 25% or more of the shares of stock then outstanding or (y) the proportionate voting power represented by the Voting Securities beneficially owned by any Person to 25% or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if any Person referred to in clause (x) or (y) of this sentence shall thereafter become the beneficial owner of any additional stock of the Employer or other Voting Securities (other than pursuant to a share split, stock dividend, or similar transaction), then a "Change-in-Control" shall be deemed to have occurred for purposes of the foregoing clause (A).

(ii) "Person" shall have the meaning used in Sections 13(d) and 14(d) of the Exchange Act; provided however, that the term "Person" shall not include (A) Stephen L. Green, (B) Executive or (C) the Employer, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan of the Employer or any of its subsidiaries. In addition, no Change-in-Control shall be

deemed to have occurred under clause (i)(A) above by virtue of a "group" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming a beneficial owner as described in such clause, if any individual or entity described in clause (A), (B) or (C) of the foregoing sentence is a member of such group.

(d) Notice of Termination. Any termination of Executive's employment by the Employer or by Executive (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 12 of this Agreement. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and, as applicable, shall set forth in reasonable detail the fact and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

7. Compensation Upon Termination.

(a) Termination By Employer Without Cause or By Executive With Good Reason. If (i) Executive is terminated by the Employer without Cause pursuant to Section 6(a)(iv) above, or (ii) Executive shall terminate his employment hereunder with Good Reason pursuant to Section (6)(b)(ii) above, then the Employment Period shall terminate as of the effective date set forth in the written notice of such termination (the "Termination Date") and Executive shall be entitled to the following payment and benefits:

(i) Executive shall receive any earned and accrued but unpaid Base Salary on the Termination Date, and any earned and accrued but unpaid incentive compensation and bonuses payable at such times as would have applied without regard to such termination.

(ii) The Employer shall continue to pay Executive's Base Salary (at the rate in effect on the date of his termination) and annual performance bonus (based on the amount paid for the immediately preceding year or, if the termination takes place prior to a bonus having been previously so paid, the sum of $200,000) for the remaining term of the Employment Period after the date of Executive's termination, on the same periodic payment dates as payment would have been made to Executive had the Employment Period not been terminated for the remaining term of the Employment Period after the date of Executive's termination; provided, however, that if such termination occurs upon or following a Change-in-Control, the Employer shall continue to pay Executive's Base Salary (at the rate in effect on the date of his termination) and annual performance bonus (based on the highest amount paid for the three preceding years or, if the termination takes place prior to a bonus having been previously so paid, the sum of $200,000) for the greater of 18 months or the remaining term of the Employment Period after the date of Executive's termination, on such periodic payment dates.

(iii) Executive shall continue to receive all benefits described in Section 3(f) existing on the date of termination for the remaining term of the Employment Period, subject to the terms and conditions upon which such benefits may be offered to continuing senior executives from time to time. For purposes of the application of such benefits, Executive shall be treated as if he had remained in the employ of the Employer with a Base Salary at the rate in effect on the date of termination. For purposes of vesting under the Employer's Outperformance Plan, without limiting any other rights that Executive may have under the Employer's Outperformance Plan, Executive shall be treated as if he had remained in the employ of the Employer for 12 months after the date

of termination. Notwithstanding the foregoing, (A) nothing in this Section 7(a)(iii) shall restrict the ability of the Employer to amend or terminate the plans and programs governing the benefits described in Section 3(f) from time to time in its sole discretion, and (B) the Employer shall in no event be required to provide any benefits otherwise required by this Section 7(a)(iii) after such time as Executive becomes entitled to receive benefits of the same type from another employer or recipient of Executive's services (such entitlement being determined without regard to any individual waivers or other similar arrangements).

(iv) Any unvested shares of restricted stock (i.e., shares then still subject to restrictions under the applicable award agreement) granted to Executive by the Employer shall become vested (i.e., free from such restrictions) and, as applicable, Executive shall be entitled to receive the amount described in the last sentence of Section 3(d) (for the avoidance of doubt, the foregoing provisions of this sentence shall not refer to grants under the Employer's Outperformance Plan, which shall apply in accordance with its terms as in effect from time to time), and any unexerciseable or unvested stock options granted to Executive by the Employer shall become vested and exercisable on the date of Executive's termination. Any unexercised stock options granted to Executive by the Employer shall remain

exercisable until the second January 2 to follow the Termination Date or, if earlier, the expiration of the initial applicable term stated at the time of the grant.

Other than as may be provided under Section 4 or as expressly provided in this Section 7(a), the Employer shall have no further obligations hereunder following such termination.

(b) Termination By the Employer For Cause or By Executive Without Good Reason. If (i) Executive is terminated by the Employer for Cause pursuant to Section 6(a)(iii) above, or (ii) Executive voluntarily terminates his employment hereunder without Good Reason pursuant to Section 6(b)(ii) above, then the Employment Period shall terminate as of the effective date set forth in the written notice of such termination (the "Termination Date") and Executive shall be entitled to receive his earned and accrued but unpaid Base Salary at the rate then in effect until the Termination Date. In addition, in such event, Executive shall be entitled (i) to receive any earned and accrued but unpaid incentive compensation or bonuses, payable at such times as would have applied without regard to such termination, except that, notwithstanding the foregoing, no amounts shall be payable under this clause (i) in the case of a termination by the Employer for Cause under clause (i) or (ii) of Section 6(a)(iii) (for the avoidance of doubt, the foregoing provisions of this clause (i) shall not refer to grants under the Employer's Outperformance Plan, which shall apply in accordance with its terms as in effect from time to time), (ii) to exercise any options which have vested as of the termination of Executive's employment and are exercisable to the extent provided by and otherwise in accordance with the terms of the applicable option grant agreement or plan, and (iii) to retain any restricted shares of the Employer's stock which have vested as of the termination of Executive's employment. Other than as may be provided under Section 4 or as expressly provided in this Section 7(b), the Employer shall have no further obligations hereunder following such termination.

(c) Termination by Reason of Death. If Executive's employment terminates due to his death, the Employer shall pay Executive's Base Salary plus any applicable pro rata portion of the annual performance bonus described in Section 3(b) above for a period of six months from the date of his death, or such longer period as the Board may determine, to Executive's estate or to a beneficiary designated by Executive in writing prior to his death. In the case of such a termination, (i) Executive shall be credited with six months after termination under any

provisions governing restricted stock or options relating to the vesting or initial exercisability thereof, (ii) if such six months of credit would fall within a vesting period, a pro rata portion of the unvested shares of restricted stock granted to Executive that otherwise would have become vested upon the conclusion of such vesting period shall become vested on the date of Executive's termination due to his death, and a pro rata portion of the unexercisable stock options granted to Executive that otherwise would have become exercisable upon the conclusion of such vesting period shall become exercisable on the date of Executive's termination due to such death, and (iii) as applicable, Executive shall be entitled to receive the cash amount described in the last sentence of Section 3(d) with respect to the restricted shares referenced in such Section 3(d) (for the avoidance of doubt, the foregoing clauses (i), (ii) and (iii) shall not refer to grants under the Employer's Outperformance Plan, which shall apply in accordance with its terms as in effect from time to time). Furthermore, upon such death, any vested unexercised stock options granted to Executive shall remain vested and exercisable until the earlier of (A) the date on which the term of such stock options otherwise would have expired, or (B) the second January 1 after the date of Executive's termination due to his death. Other than as may be provided under Section 4 or as expressly provided in this Section 7(c), the Employer shall have no further obligations hereunder following such termination.

(d) Termination by Reason of Disability. In the event that Executive's employment terminates due to his disability as defined in Section 6(a)(ii) above, Executive shall be entitled to be paid his Base Salary plus any applicable pro rata portion of the annual performance bonus described in Section 3(b) above for a period of six months from the date of such termination, or for such longer period as such benefits are then provided with respect to other senior executives of the Employer. In the case of such a termination, (i) Executive shall be credited with six months after termination under any provisions governing restricted stock or options relating to the vesting or initial exercisability thereof, (ii) if such six months of credit would fall within a vesting period, a pro rata portion of the unvested shares of restricted stock granted to Executive that otherwise would have become vested upon the conclusion of such vesting period shall become vested on the date of Executive's termination due to his disability, and a pro rata portion of the unvested or unexercisable stock options granted to Executive that otherwise would have become vested or exercisable upon the conclusion of such vesting period shall become vested and exercisable on the date of Executive's termination due to such disability, and (iii) as applicable, Executive shall be entitled to receive the cash amount described in the last sentence of Section 3(d) with respect to the restricted shares referenced in such Section 3(d) (for the avoidance of doubt, the foregoing clauses (i), (ii) and (iii) shall not refer to grants under the Employer's Outperformance Plan, which shall apply in accordance with its terms as in effect from time to time). Furthermore, upon such disability, any vested unexercised stock options granted to Executive shall remain vested and exercisable until the earlier of (A) the date on which the term of such stock options otherwise would have expired, or (B) the second January 1 after the date of Executive's termination due to his disability. Other than as expressly provided in this Section 7(d), the Employer shall have no further obligations hereunder following such termination.

8. Confidentiality; Prohibited Activities. Executive and the Employer recognize that due to the nature of his employment and relationship with the Employer, Executive has access to and develops confidential business information, proprietary information, and trade secrets relating to the business and operations of the Employer. Executive acknowledges that (i) such information is valuable to the business of the Employer, (ii) disclosure to, or use for the benefit of, any person or entity other than the Employer, would cause irreparable damage to the Employer, (iii) the principal businesses of the Employer are the acquisition, development, management, leasing or financing of any office real estate property, including without limitation the origination of first-mortgage and mezzanine debt or preferred equity financing for

real estate projects throughout the United States (collectively, the "Business"), (iv) the Employer is one of the limited number of persons who have developed a business such as the Business, and (v) the Business is national in scope. Executive further acknowledges that his duties for the Employer include the duty to develop and maintain client, customer, employee, and other business relationships on behalf of the Employer; and that access to and development of those close business relationships for the Employer render his services special, unique and extraordinary. In recognition that the good will and business relationships described herein are valuable to the Employer, and that loss of or damage to those relationships would destroy or diminish the value of the Employer, and in consideration of the compensation (including severance) arrangements hereunder, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by Executive, Executive agrees as follows:

(a) Confidentiality. During the term of this Agreement (including any renewals), and at all times thereafter, Executive shall maintain the confidentiality of all confidential or proprietary information of the Employer ("Confidential Information"), and, except in furtherance of the business of the Employer or as specifically required by law or by court order, he shall not directly or indirectly disclose any such information to any person or entity; nor shall he use Confidential Information for any purpose except for the benefit of the Employer. For purposes of this Agreement, "Confidential Information" includes, without limitation: client or customer lists, identities, contacts, business and financial information (excluding those of Executive prior to employment with Employer); investment strategies; pricing information or policies, fees or commission arrangements of the Employer; marketing plans, projections, presentations or strategies of the Employer; financial and budget information of the Employer; new personnel acquisition plans; and all other business related information which has not been publicly disclosed by the Employer. This restriction shall apply regardless of whether such Confidential Information is in written, graphic, recorded, photographic, data or any machine readable form or is orally conveyed to, or memorized by, Executive.

(b) Prohibited Activities. Because Executive's services to the Employer are essential and because Executive has access to the Employer's Confidential Information, Executive covenants and agrees that:

(i) during the Employment Period, and for the one-year period following the termination of Executive by either party for any reason including the expiration of the term of this Agreement, Executive will not, anywhere in the United States, without the prior written consent of the Board which shall include the unanimous consent of the Directors other than any other officer of the Employer, directly or indirectly (individually, or through or on behalf of another entity as owner, partner, agent, employee, consultant, or in any other capacity), engage, participate or assist, as an owner, partner, employee, consultant, director, officer, trustee or agent, in any element of the Business, subject, however, to Section 8(c) below; and

(ii) during the Employment Period, and during (x) the two-year period following the termination of Executive by either party for any reason (including the expiration of the term of the Agreement) in the case of clause (A) below, or (y) the one-year period following such termination in the case of clause (B) below, Executive will not, without the prior written consent of the Board which shall include the unanimous consent of the Directors who are not officers of the Employer, directly or indirectly (individually, or through or on behalf of another entity as owner, partner, agent, employee, consultant, or in any other capacity), (A) solicit, encourage, or engage in any activity to induce any Employee of the Employer to terminate employment with the Employer, or to become employed by, or to enter into a business relationship with, any

other person or entity, or (B) engage in any activity intentionally to interfere with, disrupt or damage the Business of the Employer, or its relationships with any client, supplier or other business relationship of the Employer. For purposes of this subsection, the term "employee" means any individual who is an employee of or consultant to the Employer (or any affiliate) during the six-month period prior to Executive's last day of employment.

(c) Other Investments. Notwithstanding anything contained herein to the contrary, Executive is not prohibited by this Section 8 from making investments, (i) expressly disclosed to the Employer in writing before the date hereof; (ii) solely for investment purposes and without participating in the business in which the investments are made, in any entity that engages, directly or indirectly, in the acquisition, development, construction, operation, management, financing or leasing of office real estate properties, regardless of where they are located, if (x) Executive's aggregate investment in each such entity constitutes less than one percent of the equity ownership of such entity, (y) the investment in the entity is in securities traded on any national securities exchange or the National Association of Securities Dealers, Inc. Automated Quotation System, and (z) Executive is not a controlling person of, or a member of a group which controls, such entity; or (iii) if (A) except with the prior written consent of the Employer, he has less than a 25% interest in the investment in question, (B) except with the prior written consent of the Employer, he does not have the role of a general partner or managing member, or any similar role, (C) the investment is not an appropriate investment opportunity for the Employer, and (D) the investment activity is not directly competitive with the businesses of the Employer.

(d) Employer Property. Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by the Employer are the sole property of the Employer ("Employer Property"). During his employment, and at all times thereafter, Executive shall not remove, or cause to be removed, from the premises of the Employer, copies of any record, file, memorandum, document, computer related information or equipment, or any other item relating to the business of the Employer, except in furtherance of his duties under this Agreement. When Executive terminates his employment with the Employer, or upon request of the Employer at any time, Executive shall promptly deliver to the Employer all originals and copies of Employer Property in his possession or control and shall not retain any originals or copies in any form.

(e) No Disparagement. For one year following termination of Executive's employment for any reason, Executive shall not intentionally disclose or cause to be disclosed any negative, adverse or derogatory comments or information about (i) the Employer and its parent, affiliates or subsidiaries, if any; (ii) any product or service provided by the Employer and its parent, affiliates or subsidiaries, if any; or (iii) the Employer's and its parent's, affiliates' or subsidiaries' prospects for the future. For one year following termination of Executive's employment for any reason, the Employer shall not disclose or cause to be disclosed any negative, adverse or derogatory comments or information about Executive. Nothing in this Section shall prohibit either the Employer or Executive from testifying truthfully in any legal or administrative proceeding.

(f) Remedies. Executive declares that the foregoing limitations in Sections 8(a) through 8(f) above are reasonable and necessary for the adequate protection of the business and the goodwill of the Employer. If any restriction contained in this Section 8 shall be deemed to be invalid, illegal or unenforceable by reason of the extent, duration or scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, scope, or other provisions hereof to make the restriction consistent with applicable law, and in its reduced form such restriction shall then be enforceable in the manner contemplated hereby. In

the event that Executive breaches any of the promises contained in this Section 8, Executive acknowledges that the Employer's remedy at law for damages will be inadequate and that the Employer will be entitled to specific performance, a temporary restraining order or preliminary injunction to prevent Executive's prospective or continuing breach and to maintain the status quo. The existence of this right to injunctive relief, or other equitable relief, or the Employer's exercise of any of these rights, shall not limit any other rights or remedies the Employer may have in law or in equity, including, without limitation, the right to arbitration contained in Section 9 hereof and the right to compensatory and monetary damages. Executive hereby agrees to waive his right to a jury trial with respect to any action commenced to enforce the terms of this Agreement. Executive shall have remedies comparable to those of the Employer as set forth above in this Section 8(f) if the Employer breaches Section 8(e).

(g) Transition. Regardless of the reason for his departure from the Employer, Executive agrees that at the Employer's sole costs and expense, for a period of not more than 30 days after termination of Executive, he shall take all steps reasonably requested by the Employer to effect a successful transition of client and customer relationships to the person or persons designated by the Employer, subject to Executive's obligations to his new employer.

(h) Cooperation with Respect to Litigation. During the Employment period and at all times thereafter, Executive agrees to give prompt written notice to the Employer of any claim relating to the Employer and to cooperate fully, in good faith and to the best of his ability with the Employer in connection with any and all pending, potential or future claims, investigations or actions which directly or indirectly relate to any action, event or activity about which Executive may have knowledge in connection with or as a result of his employment by the Employer hereunder. Such cooperation will include all assistance that the Employer, its counsel or its representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness; provided, however, that the Employer will reimburse Executive for all reasonable expenses, including travel, lodging and meals, incurred by him in fulfilling his obligations under this Section 8(h) and, except as may be required by law or by court order, should Executive then be employed by an entity other than the Employer, such cooperation will not materially interfere with Executive's then current employment.

(i) Survival. The provisions of this Section 8 shall survive termination of Executive's employment any other provisions relating to the enforcement thereof.

9. Arbitration. Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement (other than a controversy or claim arising under Section 8, to the extent necessary for the Employer (or its affiliates, where applicable) to avail itself of the rights and remedies referred to in Section 8(f)) that is not resolved by Executive and the Employer (or its affiliates, where applicable) shall be submitted to arbitration in New York, New York in accordance with New York law and the procedures of the American Arbitration Association. The determination of the arbitrator(s) shall be conclusive and binding on the Employer (or its affiliates, where applicable) and Executive and judgment may be entered on the arbitrator(s)' award in any court having jurisdiction.

10. Conflicting Agreements. Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

11. No Duplication of Payments. Executive shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

12. Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand and or sent by prepaid telex, cable or other electronic devices or sent, postage prepaid, by registered or certified mail or telecopy or overnight courier service and shall be deemed given when so delivered by hand, telexed, cabled or telecopied, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service), as follows:

(a) if to Executive:

Gregory F. Hughes, at the address shown on the execution page hereof.

(b) if to the Employer:

SL Green Realty Corp.
420 Lexington Avenue
New York, New York 10170
Attn: General Counsel

With a copy to:

Clifford Chance US LLP
200 Park Avenue
New York, New York 10166
Attention: Robert E. King, Jr.

or such other address as either party may from time to time specify by written notice to the other party hereto.

13. Amendments. No amendment, modification or waiver in respect of this Agreement shall be effective unless it shall be in writing and signed by the party against whom such amendment, modification or waiver is sought.

14. Severability. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any person or circumstances shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion hereof) or the application of such provision to any other persons or circumstances.

15. Withholding. The Employer shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

16. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which or into which the Employer may be merged or which may succeed to its assets or business, provided, however, that the obligations of Executive are personal and shall not be assigned by him. This Agreement shall inure to the benefit of and be enforceable by Executive's personal and legal representatives, executors, administrators, assigns, heirs, distributees, devisees and legatees.

17. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other party.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of law principles of such State.

19. Choice of Venue. Executive agrees to submit to the jurisdiction of the United States District Court for the Southern District of New York or the Supreme Court of the State of New York, New York County, for the purpose of any action to enforce any of the terms of this Agreement.

20. Parachutes. Notwithstanding any other provision of this Agreement, if all or any portion of the payments and benefits provided under this Agreement (including without limitation any accelerated vesting), or any other payments and benefits which Executive receives or is entitled to receive from the Employer or an affiliate, or any combination of the foregoing, would constitute an excess "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") (whether or not under an existing plan, arrangement or other agreement) (each such parachute payment, a "Parachute Payment"), and would result in the imposition on Executive of an excise tax under Section 4999 of the Code or any successor thereto, then, in addition to any other benefits to which Executive is entitled under this Agreement, Executive shall be paid by the Employer an amount in cash equal to the sum of the excise taxes payable by Executive by reason of receiving Parachute Payments plus the amount necessary to put Executive in the same after-tax position (taking into account any and all applicable federal, state and local excise, income or other taxes at the highest possible applicable rates on such Parachute Payments (including without limitation any payments under this Section 20)) as if no excise taxes had been imposed with respect to Parachute Payments (the "Parachute Gross-up"). The amount of any payment under this Section 20 shall be computed by a certified public accounting firm of national reputation reasonably selected by the Employer. Executive and the Employer will provide the accounting firms with all information which any accounting firm reasonably deems necessary in computing the Parachute Gross-up to be made available to Executive. In the event that the Internal Revenue Service or a court, as applicable, finally and in a decision that has become unappealable, determines that a greater or lesser amount of tax is due, then the Employer shall within five business days thereafter shall pay the additional amounts, or Executive within five business days after receiving a refund shall pay over the amount refunded to the Employer, respectively; provided that (i) Executive shall not initiate any proceeding or other contests regarding these matters, other than at the direction of the Employer, and shall provide notice to the Employer of any proceeding or other contest regarding these matters initiated by the Internal Revenue Service, and (ii) the Employer shall be entitled to direct and control all such proceeding and other contests, if it commits to and does pay all costs (including without limitation legal and other professional fees) associated therewith.

21. Entire Agreement. This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. The parties hereto shall not be liable or bound to any other party in any manner by any representations, warranties or covenants relating to such subject matter except as specifically set forth herein.

22. Paragraph Headings. Section headings used in this Agreement are included for convenience of reference only and will not affect the meaning of any provision of this agreement.

23. Board Approval. Employer represents that the Board has approved the economic terms of this Agreement.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first written above, and is being executed on March 10, 2004.

SL GREEN REALTY CORP.

By: _____
Name:
Title:

_____
Gregory F. Hughes

[to be deleted from all public filings:]

FIRST AMENDMENT TO AMENDED AND RESTATED REVOLVING CREDIT AND GUARANTY AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED REVOLVING CREDIT AND GUARANTY AGREEMENT ("First Amendment"), dated as of December 16, 2003, is entered into 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 as a "Guarantor", (iv) each of the financial institutions that is a signatory hereto under the caption "Lenders" on the signature pages hereto (individually, a "Lender" and, collectively, the "Lenders"), and (v) FLEET NATIONAL BANK, a national banking association, as administrative agent for the Lenders hereunder (in such capacity, the "Agent").

RECITALS

A. The Company, the Borrower, the other Guarantors, the Lenders, and the Agent are parties to a certain Amended and Restated Revolving Credit and Guaranty Agreement, dated as of March 17, 2003 (as it may be further amended, modified or supplemented from time to time the "Credit Agreement"), pursuant to which the Lenders have agreed to make available to the Borrower revolving loans in an aggregate amount not to exceed $300,000,000.

B. The Borrower and the Company have requested that the Lenders agree to certain amendments of the Credit Agreement.

C. The Required Lenders are willing to amend the Credit Agreement, subject to the terms and conditions of this First Amendment.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any, assigned to them in the Credit Agreement.

2. Amendments to §1.1 of Credit Agreement.

(i) §1.1 of the Credit Agreement shall be amended by deleting the definition of "Unconsolidated Entity" in its entirety and replacing it with the following:

"Unconsolidated Entity. As of any date, any Person, other than a Wholly Owned Subsidiary, in whom the Borrower, the Company or any Related Company holds an Investment, regardless of whether the financial results of such Person would or would not be consolidated under Generally Accepted Accounting Principles with

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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."

(ii) §1.1 of the Credit Agreement shall be further amended by inserting the following additional defined terms in their respective alphabetical order:

(a) "As-Is Value. For any Real Estate Asset set forth on Schedule 8.2(h) (as such Schedule shall be amended or supplemented from time to time), the "as-is" value of such Real Estate Asset as determined by an appraisal conducted by a Member of the Appraisal Institute ("MAI") compliant with the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") supplied by Borrower which is less than one year old from the date of such determination and which is acceptable to the Agent and the Borrower; provided, however, that for any Real Estate Asset for which no such appraisal is available, "As-Is Value" shall be the value determined by dividing the Adjusted Net Operating Income for the immediately preceding fiscal quarter, annualized, for such Real Estate Asset by the capitalization rate (which shall in no event exceed 9.0%) set forth for such Real Estate Asset on Schedule 8.2(h) (as such Schedule shall be amended or supplemented from time to time)."

(b) "1221 Avenue of the Americas Investment. An Investment in less than all of the economic and beneficial ownership interests in the 1221 Avenue of the Americas Owner.

(c) "1221 Avenue of the Americas Investment Party. Any Affiliate of Borrower which directly or indirectly owns or controls the 1221 Avenue of the Americas Investment, provided that if Borrower directly owns or controls the 1221 Avenue of the Americas Investment, Borrower shall be the 1221 Avenue of the Americas Investment Party.

(d) "1221 Avenue of the Americas Investment Period. Any period of time during which the 1221 Avenue of the Americas Investment Party owns or controls the 1221 Avenue of the Americas Investment.

(e) "1221 Avenue of the Americas Owner. Rock-McGraw, Inc., a New York corporation ("Rock-McGraw"), the fee owner of the premises located at 1221 Avenue of the Americas, New York, New York as of December 16, 2003, or any successor to Rock-McGraw as fee owner of the premises located at 1221 Avenue of the Americas, New York, New York.

(f) "Wholly Owned Subsidiary. As to any Person, a Subsidiary of such Person all of the outstanding ownership interests of which Subsidiary (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person."

3. Additional Amendments to Credit Agreement.

(i) §8.2(h) of the Credit Agreement is amended by deleting the next to last paragraph of such Section in its entirety and replacing it with the following:

" 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 dollar amount of the As-Is Values for all Real Estate Assets of such Unconsolidated Entities 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 (A) during the 1221 Avenue of the Americas Investment Period, thirty-nine percent (39%) of Total Assets, and (B) during all other periods, 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 (A) during the 1221 Avenue of the Americas Investment Period, thirty percent (30%), and (B) during all other periods, twenty-five percent (25%)."

(ii) §9.4 of the Credit Agreement is amended by deleting subsection (ii) in its entirety and replacing it with the following:

"(ii) The Borrower and the Company will not at any time permit the outstanding balance of Secured Recourse Indebtedness to exceed (x) during the 1221 Avenue of the Americas Investment Period, twelve percent (12%) of Total Assets, or (y) during all other periods, ten percent (10%) of Total Assets."

(iii) §9 of the Credit Agreement is amended by inserting therein a new §9.9, as follows:

"§9.9. Indebtedness of the 1221 Avenue of the Americas Investment Party. (i) During the 1221 Avenue of the Americas Investment Period, Indebtedness of the 1221 Avenue of the Americas Owner will not at any time exceed twenty-five percent (25%) of the aggregate Adjusted Net Operating Income for the immediately preceding fiscal quarter, annualized, for the Real Estate Asset constituting the premises located at 1221 Avenue of the Americas, New York, New York, divided by eight percent (8%).

(ii) During the 1221 Avenue of the Americas Investment Period, the aggregate Indebtedness of the Unconsolidated Entities will not at any time exceed seventy-two percent (72%) of the aggregate dollar amount of the As-Is Values for all Real Estate Assets of such Unconsolidated Entities as of such time."

(iv) §9.9 of the Credit Agreement is amended (x) by renumbering such section as §9.10and (y) by deleting therefrom the term "§9.8" in each instance it appears and inserting in lieu thereof the term "§9.9".

(v) The Credit Agreement is further amended by adding thereto a Schedule 8.2(h), in the form and substance set forth on Annex A attached hereto.

4. Agreements of Guarantors. Each of the Guarantors

(i) acknowledges and consents to the execution, delivery and performance by Borrower and the Company of this First Amendment; and

(ii) reaffirms and agrees that the respective Guaranty to which such Guarantor is party under the Credit Agreement and all other Loan Documents executed and delivered by such Guarantor to the Agent and the Lenders in connection with the Credit Agreement are in full force and effect, without defense, offset or counterclaim and will so continue.

5. Representations and Warranties. Borrower and each of the Guarantors hereby jointly and severally represent and warrant to the Agent and the Lenders as follows:

(a) No Default or Event of Default has occurred and is continuing, and each of the representations and warranties set forth in the Credit Agreement and the other Loan Documents is true and correct as of the date of this First Amendment as if made of this First Amendment (except (i) to the extent of changes resulting from transactions contemplated or permitted by the Credit 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).

(b) The execution, delivery and performance by Borrower and the Guarantors of this First Amendment is (i) within their respective power and authority, (ii) has been duly authorized by all necessary corporate and other action, (iii) do not and will not require any registration with, consent or approval of, notice to or action by any Person (including any Governmental Authority) in order to be effective and enforceable, (iv) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which such Borrower or Guarantor is subject or any judgment, order, writ, injunction, license or permit applicable to the Borrower or Guarantors, and (v) do not conflict with any provision of the Borrower's or Guarantors' partnership agreement, charter documents or bylaws, 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 Borrower or Guarantor or to which any of such Borrower's or Guarantor's properties are subject. This First Amendment and the Credit Agreement, as amended by this First Amendment, each constitute the legal, valid and binding obligation of Borrower and each of the Guarantors which are parties thereto, respectively, enforceable against them in accordance with their respective terms, without defense, counterclaim or offset.

(c) Except as certified to the Agent by a secretary of the Borrower or the Company, none of the Organization Documents of Borrower and each of the Guarantors has been amended or modified since March 17, 2003.

(d) Each of Borrower and each of the Guarantors is entering into this First Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Agent, the Lenders, any of their respective Affiliates or any other Person and hereby acknowledges and agrees that it is not aware (i) of any claim or cause of action against the Agent, any Lender or any of their respective Affiliates, directors, officers, agents or employees, arising from or in connection with the Loan Documents or otherwise and (ii) that there are any claims, demands, offsets or defenses at law or in equity that would defeat or diminish the rights and remedies of Agent or the Lenders under the Loan Documents.

6. Effective Date. This First Amendment will become effective as of December 16, 2003 provided that each of the following conditions precedent is satisfied before the close of business on such date (the "Effective Date"):

(a) The Agent shall have received from Borrower, each of the Guarantors and each of the Required Lenders a duly executed original (or, if elected by the Agent, an executed facsimile copy) of this First Amendment by no later than 9:00 AM (New York time) on December 16, 2003.

(b) The Agent shall have received from Borrower and each of the Guarantors a copy of a resolution passed by the board of directors of such corporation (or other evidence satisfactory to the Agent in the case of such a Person which is not a corporation), certified by the secretary or an Assistant Secretary of such corporation (or such other Person satisfactory to the Agent in the case of such a Person which is not a corporation) as being in full force and effect on the date hereof, authorizing the execution, delivery and performance of this First Amendment.

(c) The Agent shall have received from the Company a certificate of a Responsible Officer of each of Borrower and the Company dated as of the Effective Date stating that all representations and warranties contained herein are true and correct on and as of the Effective Date as though made on and as of such date.

(d) The Agent shall have received an opinion of counsel to the Borrowers and the Guarantors in form and substance satisfactory to the Agent;

(e) Borrower or the Company shall have paid (i) the expenses of the Agent, including its attorneys' reasonable fees and disbursements, and (ii) to the Agent for the benefit of the Lenders, an amendment fee equal to .15% of the Total Commitment as of the Effective Date.

For purposes of determining compliance with the conditions specified in this Section 6, each Lender that has executed the First Amendment shall be deemed to have consented to, approved or accepted, or to be satisfied with, each document or other matter either sent, or made available for inspection, by the Agent to such Lender for consent, approval, acceptance or satisfaction, or required hereunder to be consented to or approved by or acceptable or satisfactory to such Lender.

7. Miscellaneous.

Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect and all references therein to the Credit Agreement shall henceforth refer to the Credit Agreement as amended by this First Amendment. This First Amendment shall be deemed to be a "Loan Document" for all purposes of the Credit Agreement and all other Loan Documents.

(b) This First Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this First Amendment.

(c) THIS FIRST AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE; PROVIDED THAT THE AGENT AND EACH LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(d) This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by the Agent of a facsimile transmitted document purportedly bearing the signature of a party hereto shall bind such party with the same force and effect as the delivery of a hard copy original. Any failure by the Agent to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document of the party whose hard copy page was not received by the Agent.

(e) This First Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This First Amendment supersedes all prior drafts and communications with respect thereto. This First Amendment may not be amended except in accordance with the provisions of §26 of the Credit Agreement.

(f) If any term or provision of this First Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this First Amendment or the Credit Agreement, respectively.

(g) Neither Borrower nor any Guarantor shall include any reference (written or oral) to the Agent, any Lender or any Loan Document in any public statement, disclosure, filing or press release unless the inclusion of such reference is required by applicable Law (in the reasonable opinion of the Company and its counsel). To the extent any such reference is made none of the Agent or any Lender shall be deemed to have approved, consented to or otherwise

authorized the same, unless such approval, consent or authorization shall be in writing executed by the Agent and each Lender referred to therein.

(h) The Company covenants to pay to or reimburse the Agent, upon demand, for (i) all reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with the development, preparation, negotiation, execution and delivery of this First Amendment, and (ii) any and all other accrued but unpaid amounts due and owing in accordance with §15 of the Credit Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed in the City of New York, New York and the other parties hereto have caused this First Amendment to be duly executed, each as of the date first above written

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:

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:

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:

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 sole member

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:

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:

AGENT:

FLEET NATIONAL BANK
As Administrative Agent

By: _____
Name:
Title:

LENDER:

FLEET NATIONAL BANK

By: _____
Name:
Title:

LENDER:

BANK LEUMI USA

By: _____
Name:
Title:

LENDER:

THE BANK OF NEW YORK

By: _____
Name:
Title:

LENDER:

CITICORP NORTH AMERICA, INC.

By: _____
Name:
Title:

LENDER:

COMERICA BANK

By _____
Name:
Title:

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:

HSH-NORDBANK AG, 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:

ANNEX A

Schedule 8.2(h)

Unconsolidated Real Estate Asset	Valuation Cap Rate
180 Madison Ave.	9%
1250 Broadway	9%
1515 Broadway	8.5%
321 W. 44th St.	9%
1 Park Ave.	9%
100 Park Ave.	8.5%
1221 Ave. of the Americas	8%

Exhibit 10.22

AMENDED AND RESTATED
REVOLVING SECURED 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

and As Collateral Agent for the Secured Parties,

WACHOVIA BANK NATIONAL ASSOCIATION,

As Syndication Agent for the Lenders,

SOVEREIGN BANK,

As Documentation Agent for the Lenders

FLEET SECURITIES, INC. and
WACHOVIA CAPITAL MARKETS LLC,

As Co-Arrangers

Effective Date: December 16, 2003

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CREDIT AGREEMENT

This AMENDED AND RESTATED REVOLVING SECURED CREDIT AND GUARANTY AGREEMENT is made as of the 16th day of December, 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 and as collateral agent for the Secured Parties under the Collateral Documents (in such capacities, the "Agent"), (vi) WACHOVIA BANK NATIONAL ASSOCIATION (f/k/a FIRST UNION NATIONAL BANK), as syndication agent for the Lenders hereunder, and (vii) SOVEREIGN BANK, as documentation agent for the Lenders hereunder.

WHEREAS, pursuant to that certain Revolving Secured Credit and Guaranty Agreement, dated as of December 20, 2001, among the Borrower, the Guarantors signatory thereto (the "Existing Guarantors"), the lenders signatory thereto (the "Existing Lenders"), Fleet National Bank, as administrative agent, First Union National Bank (n/k/a Wachovia Bank National Association), as syndication agent, and Sovereign Bank, as documentation agent (as amended from time to time, the "Existing Credit Agreement"), the Existing Lenders have agreed to make available to the Borrower secured revolving loans in an aggregate amount not to exceed $75,000,000; 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 AND RULES OF INTERPRETATION

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

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

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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; provided, however, that for any Real Estate Asset acquired less than three (3) months prior to such date of determination, such Real Estate Asset's Net Operating Income shall be its pro forma Net Operating Income (as approved by the Agent) for the entire fiscal quarter in which acquired.

Adjusted Unsecured Debt. The sum of Unsecured Indebtedness plus any Obligations outstanding, whether principal, interest, fees or otherwise.

Adjusted Unencumbered Asset Value. When determined as of the end of any fiscal quarter, the sum of (i) the Value of all Unencumbered Assets plus (ii) 75% of the aggregate amount of Structured Finance Collateral Asset Values for all Structured Finance Collateral Assets.

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 capacities as sole administrative agent for the Lenders and as collateral agent for the Secured Parties pursuant to the Collateral Documents, or any sole successor administrative agent and collateral 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 Secured Credit and Guaranty Agreement, including the Schedules and Exhibits hereto.

Applicable LIBOR Margin. One hundred forty (140) basis points.

As-Is Value. For any Real Estate Asset set forth on Schedule 8.2(h) (as such Schedule shall be amended or supplemented from time to time), the "as-is" value of such Real Estate Asset as determined by a FIRREA compliant MAI appraisal supplied by Borrower which is less than one year old from the date of such determination and which is acceptable to the Agent and the Borrower; provided, however, that for any Real Estate Asset for which no such appraisal is available, "As-Is Value" shall be the value determined by dividing the Adjusted Net Operating Income for the immediately preceding fiscal quarter, annualized, for such Real Estate Asset by the capitalization rate (which shall in no event exceed 9.0%) set forth for such Real Estate Asset on Schedule 8.2(h) (as such Schedule shall be amended or supplemented from time to time).

Assignment and Acceptance. See §19.

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, 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.

Co-Arrangers. Fleet Securities, Inc. and Wachovia Securities, Inc. or any of the respective successors thereto.

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

Collateral. "Collateral" as defined in the Pledge and Security Agreement, or as such term is defined in any other Collateral Document.

Collateral Documents. The Pledge and Security Agreement and any other documents executed and delivered by the Borrower or a Guarantor granting a lien on its property to secure payment of the Obligations.

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 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.

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.

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.

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 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,

(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.

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 thereto.

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

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, any direct or indirect Subsidiary of the Borrower or the Company owning any interest in a Structured Finance Collateral Asset, and any other Subsidiaries of the Borrower or the Company which execute and deliver this Agreement as a Guarantor.

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: (i) for any Base Rate Loan, 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 four (4) 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.

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, the Collateral Documents, 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.

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.

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. December 20, 2004, or such earlier date on which the Loans shall become due and payable pursuant to the terms hereof.

Maximum Credit Amount. As of any date of determination, the lesser of

(i) the Total Commitment and

(ii) the sum of

(A) 50% of the aggregate Structured Finance Collateral Asset Values of all Structured Finance Collateral Assets that are 100% beneficially owned by the Borrower and/or any Guarantor plus

(B) the lesser of (x) $37,500,000 and (y) 25% of the aggregate Structured Finance Collateral Asset Values of all Structured Finance Collateral Assets that are less than 100% beneficially owned by the Borrower and/or any Guarantor.

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 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.

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, the other Loan Documents or in respect of any of the Loans 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 of otherwise.

Outstanding Obligations. As of any date of determination, the sum of the outstanding principal amount of the Loans.

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.

PBGC. The Pension Benefit Guaranty Corporation created by §4002 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 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.

Pledge and Security Agreement. The amended and restated pledge and security agreement, in substantially the form of Exhibit D hereto, executed by each Person pledging an interest in the Collateral and delivered to the Agent, as collateral agent for the Secured Parties, on or before the Effective Date.

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.

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 but not limited to 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 after the Effective Date, 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.

Requisite Lenders. As of any date, the Lenders whose aggregate Commitments constitute at least sixty-six and two-thirds percent (66-2/3%) 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.

Secured Parties. The Lenders and the Agent, as collateral agent for the benefit of the Lenders.

Structured Finance Collateral Asset. Each Structured Finance Investment set forth on Schedule 1.1, as such Schedule may be amended or supplemented from time to time, and any other Structured Finance Investment which at the date of determination, (i) is beneficially owned in whole or in part by Borrower or one of the Guarantors; (ii) is unencumbered by any Liens; (iii) (A) if a Mortgage Loan, is not greater than ninety (90) days past due, (B) if a loan secured by partnership or membership interests or a membership agreement, is not greater than ninety (90) days past due, or (C) if a preferred equity Investment, there are no dividends in arrears for a

period of more than ninety (90) days; (iv) is pledged to the Agent for the benefit of the Lenders as Collateral to secure the Obligations, and (v) is approved as a "Structured Finance Collateral Asset" by both (x) the Requisite Lenders in their sole discretion and (y) each of Fleet National Bank, Wachovia Bank National Association, and Sovereign Bank, to the extent each of them shall be as of such date of determination a Lender holding a Commitment of at least $15,000,000, in each case in their sole respective discretion (which shall not be unreasonably delayed). Each asset which satisfies the conditions set forth in this definition shall be deemed to be a Structured Finance Collateral Asset only during such periods of time as Borrower has included the same on the list of Structured Finance Collateral Assets attached to the most recent Compliance Certificate delivered hereunder.

Structured Finance Collateral Asset Value. With respect to any Structured Finance Collateral Asset, when determined as of the last day of any fiscal quarter, the product of (A) the percentage (stated as a fraction) of Borrower's or the Guarantors' aggregate beneficial ownership interest in the Structured Finance Collateral Asset times (B) the lesser of (i) the stated face value of Structured Finance Collateral Asset (taking into account principal amortization), (ii) the purchase price paid for the Structured Finance Collateral Asset by the Borrower and/or the Guarantors, and (iii) the book value of the Structured Finance Collateral Asset as determined by Generally Accepted Accounting Principles.

Structured Finance Investment. Any of the following Investments in (or in entities whose Investments are primarily in): (i) Mortgages, Mortgage Loans, and Mortgage Notes, (ii) mezzanine or bridge financing loans secured by partnership or equivalent equity interests in the borrower thereof or (iii) a preferred equity Investments (including preferred limited partnership or limited liability company interests) (including, but not limited to, single-asset or limited-asset collateralized mortgage backed securities and 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, but subject in all cases to the Lenders' approval as set forth in clause (v) of the definition of Structured Finance Collateral Asset.

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, National Association, as administrative agent, as amended by a First Amendment thereto dated June 5, 2003, and 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, the Company or one of their respective Subsidiaries or the Unsecured Revolving Credit Facility 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, the Company or one of their respective Subsidiaries or the Unsecured Revolving Credit Facility 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 Borrower, the Company and their respective Subsidiaries, plus (v) the aggregate book value of all Investments of the Borrower, the Company and their respective Subsidiaries and the Unsecured Revolving Credit Facility Guarantors (other than Real Estate Effective Control Assets) permitted under §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.

1221 Avenue of the Americas Investment. An Investment in less than all of the economic and beneficial ownership interests in the 1221 Avenue of the Americas Owner.

1221 Avenue of the Americas Investment Party. Any Affiliate of Borrower which directly or indirectly owns or controls the 1221 Avenue of the Americas Investment, provided that if Borrower directly owns or controls the 1221 Avenue of the Americas Investment, Borrower shall be the 1221 Avenue of the Americas Investment Party.

1221 Avenue of the Americas Investment Period. Any period of time during which the 1221 Avenue of the Americas Investment Party owns or controls the 1221 Avenue of the Americas Investment.

1221 Avenue of the Americas Owner. Rock-McGraw, Inc., a New York corporation ("Rock-McGraw"), the fee owner of the premises located at 1221 Avenue of

the Americas, New York, New York as of December 16, 2003, or any successor to Rock-McGraw as fee owner of the premises located at 1221 Avenue of the Americas, New York, New York.

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, other than a Wholly Owned Subsidiary, in whom the Borrower, the Company or any Related Company holds an Investment, regardless of whether the financial results of such Person would or 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.

Unencumbered Asset. At all times, any Real Estate Asset identified as an "Unencumbered Asset" under the Unsecured Revolving Credit Facility at such time, provided, however, that if the Unsecured Revolving Credit Facility is no longer outstanding, then any Real Estate Asset that would have qualified as an "Unencumbered Asset" under the Unsecured Revolving Credit Facility if the same had not been terminated.

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 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 Unsecured Revolving Credit Facility 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.

Unsecured Revolving Credit Facility. The $300,000,000 unsecured credit facility established pursuant to the Amended and Restated Revolving Credit and Guaranty Agreement dated March 17, 2003 among Borrower, Guarantors party thereto, lenders party thereto, and Fleet National Bank, as Administrative Agent for the lenders party thereto, as it may be further amended, modified or supplemented from time to time.

Unsecured Revolving Credit Facility Guarantors. A Person who is a "Guarantor", as such term is defined in the Amended and Restated Revolving Credit and Guaranty Agreement dated March 17, 2003 among Borrower, Guarantors party thereto, lenders party thereto, and Fleet National Bank, as Administrative Agent for the lenders party thereto, as it may be further amended, modified or supplemented from time to time.

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 such date, annualized, for all Unencumbered Assets owned or leased by the Borrower or the Unsecured Revolving Credit Facility 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 Unsecured Revolving Credit Facility 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.

Wholly Owned Subsidiary. As to any Person, a Subsidiary of such Person all of the outstanding ownership interests of which Subsidiary (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person.

§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.

(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 SECURED 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) 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 $1,000,000 or an integral multiple of $1,000,000 in excess thereof the unborrowed portion of the then Total Commitment, provided that the Total Commitment shall not be reduced to less than $50,000,000, 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.

(b) Upon the effective date of each 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 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(b), 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. 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.

§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 Day 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 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 §9.8 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 10:30 AM 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 $1,000,000 or an integral multiple of $100,000 in excess thereof. The Borrower shall be allowed up to two (2) Loan Requests per month.

(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 §9.8 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 $1,000,000 (unless the aggregate outstanding principal amount of Loans is less than $1,000,000) or an integral multiple of $100,000 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 four (4) LIBOR Rate Loans outstanding. Any Loan Request for a LIBOR Rate Loan that would create greater than four (4) 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 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. [Intentionally Omitted].

§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, provided, however, that if as of the end of any fiscal quarter of the Borrower the sum of the Outstanding Obligations exceeds the Maximum Credit Amount by less than $100,000 solely as a result of principal amortization within such fiscal quarter with respect to a Structured Finance Collateral Asset (as certified to by a Responsible Officer of the Company (on behalf of the Borrower and as demonstrated on the compliance statement required pursuant to §6.4 hereof for such fiscal quarter), no repayment shall be required under this §3.2.

§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) provided that if partial prepayment is received in connection with payment received from an underlying obligor or other party to a Structured Finance Collateral Asset, the amount so received may be prepaid 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. Fees. On the Effective Date, Borrower shall pay to the Agent for the benefit of each of the Lenders an amendment fee equal to .15% of the Total Commitment as of the Effective Date.

§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 rate of 25 basis points per annum on the average daily amount by which the Total Commitment (as it may have been reduced pursuant to §2.2) exceeds the Outstanding Obligations (such excess, the "Unused Amount"). 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 April 3, 2002, with a final payment on the Maturity Date or any earlier date on which the Commitments shall terminate.

§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.

(d) All payments shall be applied first to the payment of all fees, expenses and other amounts due to the Agent and the Lenders (excluding principal and interest), then to accrued interest, and the balance on account of outstanding principal; provided, however, that after an Event of Default hereunder, payments will be applied to the obligations of the Borrower to the Agent as the Requisite Lenders determine in their sole discretion.

§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 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 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.

§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 (c) or (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.

§5. STRUCTURED FINANCE COLLATERAL ASSETS; NO LIMITATION ON RECOURSE

§5.1. Structured Finance Collateral Assets.

(a) The Borrower represents and warrants that each of the Structured Finance Collateral Assets listed on Schedule 1.1 will on the Effective Date satisfy all of the conditions set forth in the definition of Structured Finance Collateral Asset. The Lenders confirm that each of the Structured Finance Collateral Assets listed on Schedule 1.1 is, on the Effective Date, accepted as a Structured Finance Collateral Asset. From time to time during the term of this Agreement, upon the written consent of both (x) the Requisite Lenders in their sole discretion and (y) each of Fleet National Bank, Wachovia Bank National Association, and Sovereign Bank, to the extent each of them shall be as of such date of determination a Lender holding a Commitment of at least $15,000,000, in each case in their sole respective discretion (which in each case of (x) and (y) consent shall not be unreasonably delayed), additional assets may become Structured Finance

Collateral Assets and certain assets which previously satisfied the conditions set forth in the definition of Structured Finance Collateral Asset may cease to be Structured Finance Collateral Assets by virtue of payment of the underlying obligations, 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 Structured Finance Collateral Assets relied upon by the Borrower in computing the covenants set forth in §5 in such Compliance Certificate. Compliance Certificates delivered pursuant to §2.5(a) shall include an updated listing of the Structured Finance Collateral Assets and shall include such updated listing whenever a redetermination of the Structured Finance Collateral Assets Values for all Structured Finance Collateral 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 Structured Finance Collateral Assets Values for all Structured Finance Collateral Assets by virtue of payment of the underlying obligations, creation of Liens or other reasons.

§5.2. Waivers by Requisite Lenders. If any asset fails to satisfy any of the requirements contained in the definition of Structured Finance Collateral Asset then the applicable asset may nevertheless be deemed to be a Structured Finance Collateral Asset hereunder if both (x) the Requisite Lenders in their sole discretion and (y) each of Fleet National Bank, Wachovia Bank National Association, and Sovereign Bank, to the extent each of them shall be as of such date of determination a Lender holding a Commitment of at least $15,000,000, in each case in their sole respective discretion, vote to accept such asset as a Structured Finance Collateral Asset.

§5.3. Rejection of Structured Finance Collateral Assets. If at any time the Agent reasonably determines that any asset listed as a Structured Finance Collateral Asset by the Borrower does not satisfy all of the requirements of the definition of Structured Finance Collateral Asset other than clause (v) thereof (to the extent not waived by the Requisite Lenders pursuant to §5.2), it may upon three (3) Business Day's notice to the Borrower reject a Structured Finance Collateral Asset by notice to the Borrower, and if the Agent so requests the Borrower shall revise the applicable Compliance Certificate to reflect the resulting change in the Structured Finance Collateral Asset Values.

§5.4. Change in Circumstances. If at any time during the term of this Agreement Borrower becomes aware that any of the applicable representations contained in §6 are no longer accurate with respect to any Structured Finance Collateral Asset, it will promptly so notify the Agent and either request a waiver pursuant to §5.2 or confirm that such asset is no longer a Structured Finance Collateral 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 Structured Finance Collateral 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 assets and other properties shall be available for the indefeasible payment in full in cash and performance of the Obligations as and when due and payable.

§5.6. Additional Guarantors. (a) If Borrower desires that an asset owned by a Related Company which is not previously a Guarantor become a Structured Finance Collateral 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 upon 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 Structured Finance Collateral 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, (y) becomes a Guarantor hereunder, and (z) executes the Pledge Agreement as a "Pledgor" (as such term is defined in the Pledge Agreement) and grants to the Agent, for the benefit of the Agent and the Lenders, a first priority security interest in such Structured Finance Collateral Asset and the proceeds thereof to secure payment of the Obligations ..

§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 any of the Collateral is 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 any of the Collateral owned by it is 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 this Agreement or the other 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, 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 this Agreement and the other 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 unencumbered title to their respective legal and beneficial interest in the Structured Finance Collateral Assets, subject to no Liens other than those in favor of the Agent under the Loan Documents.

(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 December 31, 2002 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 December 31, 2002, 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 December 31, 2002, 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 December 31, 2002 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.

§6.5. No Material Changes, Etc. Since June 30, 2003, 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 June 30, 2003, 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 on any Structured Finance Collateral Asset.

§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 hereunder. No "Default" or "Event of Default" (as such terms are defined in the Unsecured Revolving Credit Facility) has occurred and is continuing under the Unsecured Revolving Credit Facility. No "Default" or "Event of Default" (as such terms are defined in the Term Loan Facility) has occurred and is continuing under the Term Loan Facility.

§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 Structured Finance Collateral Asset, other than as required by the Pledge and Security Agreement in favor of the Agent.

§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 nor 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 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. [Intentionally Omitted].

§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.

§6.23. Title/Status of Structured Finance Assets.

(a) [Intentionally Omitted].

(b) The Borrower and the Guarantors have good title to their respective ownership interests in each Structured Finance Collateral Asset, free and clear of any Liens other than the Liens of the Loan Documents. Except to the extent, if any, expressly set forth in the documents evidencing or securing such Structured Finance Collateral Asset and the Borrower's or the Guarantors' interests therein, which documents have been delivered to the Agent, (a) the Borrower and the Guarantors have not waived, modified, altered, satisfied, cancelled or subordinated any of documents evidencing or securing any of the Structured Finance Collateral Assets in any material respect, and (b) the real property underlying such Structured Finance Collateral Asset has not been released from the lien of any such Structured Finance Collateral Asset, nor has any maker been released from its obligations under any such Structured Finance Collateral Asset.

(c) To the best knowledge of the Borrower and the Guarantors, each Structured Finance Collateral Asset is the legal, valid and binding obligation of each party obligated thereunder, enforceable against such party in accordance with its terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights generally. Except as set forth on Schedule 6.23, each Structured Finance Collateral Asset which is a Mortgage creates a valid Lien in the property which is the subject of such Mortgage Note.

(d) To the actual knowledge of Borrower and the Guarantors, each Structured Finance Collateral Asset was made in compliance with all applicable laws, and does not violate any usury or similar law regulating the applicable maximum permitted rates of interest for loans, extensions of credit or forbearances.

(e) To the actual knowledge of Borrower and the Guarantors, each Structured Finance Collateral Asset evidences an undisputed, bona fide transaction completed in accordance in all material respects with the terms and provisions contained in any documents related thereto, and is genuine and free from adverse claims, setoffs, default, defenses, retainages, holdbacks and conditions precedent of any kind or character; and Borrower and the Guarantors have no notice from underlying obligator contesting the validity or collectability of any such Structured Finance Collateral Asset.

(f) To the actual knowledge of Borrower and the Guarantors, there is no proceeding pending for the total or partial condemnation of any property subject to a Structured Finance Collateral Asset; each property subject to such Structured Finance Collateral Asset is being used for the operation of a property, is in good repair and free and clear of any damage that would affect materially and adversely the value of the property subject to such Structured Finance Collateral Asset.

(g) [Intentionally Omitted].

(h) Neither Borrower nor the Guarantors nor any of their Subsidiaries has received notice that any real property underlying a Structured Finance Collateral Asset violates

or fails to conform with any law, ordinance, regulation, standard, license or certificate in any manner that would cause a Material Adverse Effect.

(i) [Intentionally Omitted].

(j) [Intentionally Omitted].

(k) [Intentionally Omitted].

(l) To the actual knowledge of Borrower and the Guarantors, for those properties subject to a Structured Finance Collateral Asset in which the respective maker holds a leasehold estate, (i) the related Ground Lease is in full force and effect except as permitted by the applicable Structured Finance Collateral Asset and has not been modified or amended in any manner whatsoever, and (ii) there are no material defaults under such Ground Lease and no event has occurred, which but for the passage of time, or notice, or both, would constitute a material default under such Ground Lease.

(m) Except to the extent permitted under the definition of "Structured Finance Collateral Asset,"(i) no Structured Finance Collateral Asset is in default beyond the expiration of any applicable grace or notice periods, and (ii) during the preceding twelve (12) months or such lesser period as Borrower or Guarantor has owned the Structured Finance Collateral Asset, there has been no default in the payment of regularly scheduled principal and interest thereunder.

§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 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,

(i) 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; and

(ii) to the extent available to the Borrower, with respect to the Structured Finance Collateral Assets, annual operating and capital budgets, rent rolls (indicating leasing status and rental rates, and pending lease expirations), management reports and operating statements with respect to each property subject to a Structured Finance Collateral Asset all to be held by the Agent and the Lenders confidentially in accordance with standard practices;

(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,

(i) 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 Securities and Exchange Commission ("SEC"), the delivery of a copy thereof pursuant to paragraph (e) of this §7.4 shall be deemed to satisfy this clause (i) of this paragraph (b); and

(ii) to the extent available to the Borrower, with respect to the Structured Finance Collateral Assets, rent rolls (indicating leasing status and rental rates, and pending lease expirations) and operating statements with respect to each property subject to a Structured Finance Collateral Asset.

(c) [Intentionally Omitted];

(d) simultaneously with the delivery of the financial statements referred to in subsections (a) and (b) above, a Compliance Certificate 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 relevant 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 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 as the Agent may reasonably request, all material notices, financial data and other information delivered to them by the obligor under any Structured Finance Collateral Asset as a condition of the contractual terms of such Structured Finance Collateral Asset; and

(h) 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, it being understood and agreed to by the Borrower and the Guarantors that any information that the Borrower or any Guarantor may reasonably require or otherwise request as a contractual right as a holder of a Structured Finance Collateral Asset may be reasonably requested by the Agent provided that the Borrower will not be in default hereunder if it fails to obtain same after reasonable efforts. All such information shall be held by the Agent and Lenders in a confidential manner in accordance with standard practices.

§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 any property which is subject to any Structured Finance Collateral 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 any property which is subject to any Structured Finance

Collateral Asset or any Real Estate which it reports in writing or is reportable by it in writing to any governmental authority and which is material in amount or nature or which could materially affect the value of such Structured Finance Collateral 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 any property which is subject to any Structured Finance Collateral Asset or any Real Estate if the same would have a Material Adverse Effect, (B) contamination on, from or into any property which is subject to any Structured Finance Collateral 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 a Structured Finance Collateral Asset or any property which is subject to any Structured Finance Collateral Asset.

(c) Notification of Liens Against Structured Finance Collateral 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 placed upon or attaching to any Structured Finance Collateral Assets or of any other setoff, claims (including environmental claims), withholdings or other defenses to any Structured Finance Collateral Asset.

(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 Structured Finance Collateral 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.

§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 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. 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 and the Structured Finance Collateral Assets (but shall have no obligation by reason of this Section 7.8 to pay any taxes on real property other than properties owned by the Borrower or any Related Company) 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 examine and review any of the documentation related to any of the Structured Finance Collateral 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.

§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 or under any of the Collateral 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 may be used by the Borrower to pay the costs and expenses of closing this Facility and for making Structured Finance Investments, provided, however, that no portion of any Loan may 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.

§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 Structured Finance Collateral Assets and demonstrating in reasonable detail compliance, after giving effect to the proposed transaction, with the covenants contained in §9.1 through §9.5.

§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 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

property subject to any Structured Finance Collateral Asset or any Real Estate; (b) any violation of any Environmental Laws with respect to conditions at any property subject to any Structured Finance Collateral 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 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 Real Estate as necessary to comply with all Environmental Laws or to preserve the value of such 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 an 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, such 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 that 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 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, any Guarantor 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 Borrower's Variable Rate Indebtedness equal to the amount by which 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. Title/Status of Structured Finance Assets.

(a) Borrower and the Guarantors shall own and hold good title to their respective interest in each Structured Finance Collateral Asset free and clear of any Liens other than the Liens of the Loan Documents. Borrower, the Guarantors, and their Subsidiaries shall not waive, modify, alter, satisfy, cancel or subordinate any Structured Finance Collateral Asset in any respect if the effect of such waiver, modification, alteration, satisfaction, cancellation or subordination is to cause a default under any covenant of this Agreement or any of the other Loan Documents.

(b) Each Structured Finance Collateral Asset shall be the legal, valid and binding obligation of each party obligated thereunder, enforceable against such party in accordance with its terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights generally. Each Mortgage which is a Structured Finance Collateral Asset shall create a valid Lien in the property which is the subject of the Mortgage Note. Each Structured Finance Collateral Asset shall be made in compliance with all applicable laws and shall not violate any usury or similar law regulating the applicable maximum permitted rates of interest of loans, extensions of credit or forbearances. Each Structured Finance Collateral Asset shall be free from adverse claims, setoffs, default, defenses, retainages, holdbacks and conditions precedent of any kind or character.

§7.21. Other Facilities The Borrower shall immediately inform the Agent of any amendment, supplement or modification of the terms and conditions of either the Unsecured Revolving Credit Facility or 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 Investors Services, Inc. , and not less than "A 1" if rated by Standard and Poor's and participations in short term commercial loans made to such corporations by a commercial bank which provides cash management services to the Borrower;

(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:

Category of Investment	Maximum Percentage of Total Assets
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 Standard & Poor's Ratings Group or Moody's Investors Services, Inc., 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%

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 dollar amount of the As-Is Values for all Real Estate Assets of such Unconsolidated Entities 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 (A) during the 1221 Avenue of the Americas Investment Period, thirty-nine percent (39%) of Total Assets, or (B) during all other periods, 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 (A) during the 1221 Avenue of the Americas Investment Period, thirty percent (30%), or (B) during all other periods, 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. Sale of Collateral. Neither the Borrower nor any Guarantor may sell, transfer or otherwise dispose of any Collateral unless all conditions precedent for the release of the Liens of the Secured Parties in such Collateral set forth in §14.14(b) have occurred.

§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 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. Adjusted Unsecured Debt Coverage. The Borrower will not at any time permit Adjusted Unsecured Debt to exceed 65% of Adjusted Unencumbered Asset Value.

§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. 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.

§9.5. Adjusted EBITDA to Fixed Charges. The Borrower and the Company will not at any time permit the ratio of its Adjusted EBITDA for the Borrower, the Company and the Related Companies (on a consolidated basis in accordance with GAAP) to Fixed Charges of the Borrower, the Company and the Related Companies (on a consolidated basis in accordance with GAAP) to be less than 1.75 to 1.0 for any fiscal quarter.

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

§9.7. 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.

§9.8. Indebtedness of the 1221 Avenue of the Americas Investment Party. (i) During the 1221 Avenue of the Americas Investment Period, Indebtedness of the 1221 Avenue of the Americas Investment Owner will not at any time exceed twenty-five percent (25%) of the aggregate Adjusted Net Operating Income for the immediately preceding fiscal quarter, annualized, for the Real Estate Asset constituting the premises located at 1221 Avenue of the Americas, New York, New York, divided by eight percent (8.0%).

(ii) During the 1221 Avenue of the Americas Investment Period, the aggregate Indebtedness of the Unconsolidated Entities will not at any time exceed seventy-two percent (72%) of the aggregate dollar amount of the As-Is Values for all Real Estate Assets of such Unconsolidated Entities as of such time.

§9.9. Amendments and Modifications to §9. (i) Notwithstanding anything in this Agreement to the contrary, none of the provisions of any of §§9.1 through 9.8 of this Agreement, and no Default or Event of Default arising out 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.

(ii) For purposes of the foregoing §§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.

§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 and shall be in full force and effect.

§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, (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 a Structured Finance Collateral 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 properties subject to the Structured Finance Collateral 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 other otherwise available), (ii) reasonably satisfactory evidence of insurance required under §7.7, (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, and (iv) evidence reasonably satisfactory to the Agent that the Agent (for the benefit of the Secured Parties) has a valid and perfected first priority security interest in the Collateral, including (x) such documents duly executed by the Borrower and each Guarantor as the Agent may reasonably request with respect to the perfection of its security interests in the Collateral (including financing statements under the UCC, security agreements and other applicable documents under the laws of any jurisdiction with respect to the perfection of Liens created by the Pledge and Security Agreement) and (y) all notes and other instruments representing Collateral (in form and substance reasonably satisfactory to the Agent) being pledged pursuant to the Pledge and Security Agreement duly endorsed in favor of the Agent or in blank.

§10.6. Opinions of Counsel Concerning Organization, Loan Documents and Collateral. Each of the Lenders and the Agent shall have received favorable opinions from Borrower's counsel 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 to the Lenders the fees pursuant to §4.1 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, 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, 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 or prior to the Borrowing Date of such Loan; 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. 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 §9.5 hereof after giving effect to such requested Loan.

§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.

§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.

§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, §7.20, §8 or §9 hereof or;

(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 in 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) (i) any "Event of Default", as such term is defined in the Unsecured Revolving Credit Facility, shall have occurred and be continuing under the Unsecured Revolving Credit Facility, whether or not the maturity of any obligations issued thereunder has been accelerated; (ii) any "Event of Default", as such term is defined in the Term Loan Facility, shall have occurred and be continuing under the Term Loan Facility, whether or not the maturity of any

obligations issued thereunder has been accelerated; or (iii) 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 (other than the Unsecured Revolving Credit Facility or the Term Loan Facility), 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 (other than the Unsecured Revolving Credit Facility or the Term Loan Facility) 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 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 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;

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

(q) any Collateral Document shall for any reason cease to create a valid Lien on any of the Collateral purported to be covered thereby or, except as permitted by the Loan Documents, such Lien shall cease to be a perfected and first priority Lien or the Borrower or any Guarantor shall so state in writing;

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. 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 shall terminate immediately and the Lenders shall be relieved of all further obligations to make 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, the Collateral Documents 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, the Collateral Documents, 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, 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.

(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 Standard & Poor's Corporation. 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. 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.

§14.11. Duties in the Case of Enforcement. In case one of 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 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 Commitment of the Lender which is then the Agent hereunder, provided such request is made for cause (provided, however, than in the case of a request for resignation of Fleet National Bank, as Agent, such cause must constitute 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.

§14.14. Concerning the Collateral and the Collateral Documents. (a) Each Lender agrees that any action taken by the Agent or the Requisite Lenders (or, where required by the express terms of this Agreement, a greater proportion of the Lenders) in accordance with the provisions of this Agreement or of the other Loan Documents, and the exercise by the Agent or the Requisite Lenders (or, where so required, such greater proportion) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders. Without limiting the generality of the foregoing, the Agent shall have the sole and exclusive right and authority to (i) act as the disbursing and collecting agent for the Lenders with respect to all payments and collections arising in connection with the Collateral Documents; (ii) execute and deliver each Collateral Document and accept delivery of each such agreement delivered by the Borrower, any Guarantor or any of their respective Subsidiaries; (iii) act as collateral agent for the Lenders for purposes of the perfection of all security interests and Liens created by such agreements and all other purposes stated in the Collateral Documents; (iv) manage, supervise and otherwise deal with the Collateral; (v) take such action as is necessary or desirable to maintain the perfection and priority of the security interests and Liens created or purported to be created by the Collateral Documents; and (vi) except as may be otherwise specifically restricted by the terms hereof or of any other Loan Document, exercise all remedies given to the Agent and the Lenders as secured parties with respect to the Collateral under the Collateral Documents relating thereto, applicable law or otherwise.

(b) Provided that no Event of Default has occurred and is continuing (but subject to the provisions of clause (ii) of this paragraph (b)), each of the Lenders hereby directs, in accordance with the terms hereof, the Agent to release any Lien held by the Agent for the benefit of the Lenders and the Agent hereby agrees that it shall release any such Lien:

(i) against all of the Collateral, upon termination of the Commitments and payment and satisfaction in full of all Loans and all other Obligations which have matured and which the Agent has been notified in writing are then due and payable;

(ii) against any Collateral sold or disposed of by the Borrower or a Guarantor or paid off by the underlying borrower or obligor, or no longer necessary to satisfy the Maximum Credit Amount limitation, which Collateral is specified to the Agent by the Borrower upon at least seven (7) days written notice, provided that (x) for so long as no Event of Default has occurred and is continuing, the principal amount of the Obligations is prepaid to the extent necessary to make the principal amount of the Obligations no more than equal to the Maximum Credit Amount after giving effect to the release of the Collateral (as certified to by the chief financial officer of the Borrower), and (y) during the occurrence and continuance of an Event of Default, (i) the Obligations are prepaid in an amount equal to 100% of the proceeds received by the Borrower from the sale or other disposition of such Collateral and (ii) the consent of the Requisite Lenders is obtained; and

(iii) against any part of the Collateral, if such release is consented to by the Requisite Lenders.

Each of the Lenders hereby directs the Agent (and the Agent hereby agrees) to execute and deliver or file such termination and partial release statements and do such other things as are necessary to release Liens to be released pursuant to this §14.14 promptly upon the effectiveness of any such release.

§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, 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, (d) 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 Structured Finance Collateral Assets and the properties subject thereto, and the fees and disbursements of the Agent's counsel and the Borrower's legal counsel in preparing documentation, (e)

legal fees and expenses incurred in connection with the Agent's (or any Lenders') review and analysis of any documentation relating to any Structured Finance Collateral Asset which the Borrower requests to become Collateral after the date of this Agreement, (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 reasonable inspection of the Structured Finance Collateral 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, (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, or (f) any interest of the Lenders or the Agent arising out of or as a result of the Collateral or the Collateral Documents, including, but not limited to, interests owned or held as Secured Parties and interests owned or held as a result of the exercise of remedies under the Loan Documents. In litigation, or the 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 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 the Collateral, 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 the Collateral 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 of 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 the transfer of Collateral pledged by such Guarantor is otherwise permitted under the terms of this Agreement, and 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.

§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.

§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 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 subject to customary banking confidentiality practices.

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

§26. CONSENTS, AMENDMENTS, WAIVERS, ETC. 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 Requisite 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 between the Agent and the Lenders, on the one hand, and the Borrower and each Guarantor, on the other hand, is solely that of creditor and debtor 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.

§29.2. [Intentionally Omitted].

§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.

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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.

By: _____
Name:
Title:

GUARANTOR:

Green 1412 Preferred LLC,
a Delaware limited liability company

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

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

By: _____
Name:
Title:

GUARANTOR:

Green Funding W26 LLC,
a New York limited liability company

By: SL Green Funding LLC,
a Delaware limited liability company,
its managing member

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

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

By: _____
Name:

Title:

GUARANTOR:

SL Green Funding LLC,
a New York limited liability company

By: _____
Name:
Title:

GUARANTOR:

SL Green Operating Partnership, L.P.,
a Delaware limited partnership

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

By: _____
Name:
Title:

GUARANTOR:

469 Preferred Member LLC,
a Delaware limited liability company

By: _____
Name:
Title:

GUARANTOR:

SLG 500-512 Funding LLC,
a Delaware limited liability company

By: _____
Name:
Title:

GUARANTOR:

SLG 40 Wall Funding LLC,
a Delaware limited liability company

By: _____
Name:
Title:

GUARANTOR:

SLG Penncom Funding LLC,
a Delaware limited liability company

By: _____
Name:
Title:

GUARANTOR:

SLG 609 Funding LLC,
a Delaware limited liability company

By: _____
Name:
Title:

ADMINISTRATIVE AGENT AND COLLATERAL AGENT:

FLEET NATIONAL BANK,
As Administrative Agent and Collateral Agent

By: _____
Name:
Title:

LENDER:

FLEET NATIONAL BANK,

By: _____
Name:
Title:

LENDER:

WACHOVIA BANK NATIONAL ASSOCIATION

By: _____
Name:
Title:

LENDER:

SOVEREIGN BANK

By: _____
Name:
Title:

SCHEDULE 1

Lenders; Domestic and LIBOR Lending Offices

FLEET NATIONAL BANK
100 Federal Street
Boston, MA 02110
Attn: Structured Real Estate
Fax: (617) 434-1337
Tel: (617) 434-8501

WACHOVIA BANK NATIONAL ASSOCIATION
Wachovia Securities
301 S. College Street, NC5604
Charlotte, NC 28288
Attn: Rex Rudy
Tel: 704-383-6506
Fax: 704-383-6205

SOVEREIGN BANK
75 State Street
MA 1SST 0411
Boston, MA 02109
Attn: T. Gregory Donohue
Fax: (617) 757-5652
Tel: (617) 757-5578

SCHEDULE 1.2

Commitments and Commitment Percentages

Financial Institution		Commitment	Commitment Percentage
Fleet National Bank	$	25,000,000	33.3333%
Wachovia Bank National Association	$	25,000,000	33.3333%
Sovereign Bank	$	25,000,000	33.3333%
TOTALS	$	75,000,000	100%

SECOND AMENDMENT TO AMENDED AND
RESTATED CREDIT AND GUARANTY AGREEMENT

This SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT (this "Amendment") is made as of the 16th day of December, 2003, by and among (i) SL GREEN OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Borrower"), (ii) SL GREEN REALTY CORP., a Maryland corporation (the "Company", and a "Guarantor"), (iii) each of the direct and indirect Subsidiaries of Borrower or the Company that is a signatory hereto under the caption "Guarantors" on the signature pages hereto, (iv) each of the financial institutions that is a signatory hereto under the caption "Lenders" on the signature pages hereto (individually, a "Lender" and, collectively, the "Lenders") and (v) WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as administrative agent for the Lenders hereunder (in such capacity, "Agent"), and is made with reference to that certain Amended and Restated Credit and Guaranty Agreement dated as of February 6, 2003, by and among Borrower, Guarantors signatory thereto, the Lenders signatory thereto, Agent and others, as amended by First Amendment To Amended and Restated Credit and Guaranty Agreement dated as of June 5, 2003 by and among Borrower, the Company, Guarantors signatory thereto, the Lenders, Agent and others (collectively, and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement.

RECITALS

A. Under the terms of the Credit Agreement, the Lenders are to provide to Borrower an unsecured term loan facility in the maximum amount of $200,000,000 (the "Facility").

B. The Borrower and the Company have requested that the Lenders agree to certain amendments of the Credit Agreement.

C. The Requisite Lenders are willing to amend the Credit Agreement, subject to the terms and conditions of this Amendment.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any, assigned to them in the Credit Agreement.

2. Amendments to § 1.1 of Credit Agreement.

(i) § 1.1 of the Credit Agreement shall be amended by deleting the definition of "Unconsolidated Entity" in its entirety and replacing it with the following:

"Unconsolidated Entity. As of any date, any Person, other than a Wholly Owned Subsidiary, in whom the Borrower, the Company or any Related Company holds an Investment, regardless of whether the financial results of such Person would or 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."

(ii) § 1.1 of the Credit Agreement shall be further amended by inserting the following additional defined terms in their respective alphabetical order:

"As-Is Value. For any Real Estate Asset set forth on Schedule 8.2(h) (as such Schedule shall be amended or supplemented from time to time), the "as-is" value of such Real Estate Asset as determined by a FIRREA compliant MAI appraisal supplied by Borrower which is less than one year old from the date of such determination and which is acceptable to the Agent and the Borrower; provided, however, that for any Real Estate Asset for which no such appraisal is available, "As-Is Value" shall be the value determined by dividing the Adjusted Net Operating Income for the immediately preceding fiscal quarter, annualized, for such Real Estate Asset by the capitalization rate (which shall in no event exceed 9.0%) set forth for such Real Estate Asset on Schedule 8.2(h) (as such Schedule shall be amended or supplemented from time to time)."

(b) "1221 Avenue of the Americas Investment. An Investment in less than all of the economic and beneficial ownership interests in the 1221 Avenue of the Americas Owner.

(c) "1221 Avenue of the Americas Investment Party. Any Affiliate of Borrower which directly or indirectly owns or controls the 1221 Avenue of the Americas Investment, provided that if Borrower directly owns or controls the 1221 Avenue of the Americas Investment, Borrower shall be the 1221 Avenue of the Americas Investment Party.

(d) "1221 Avenue of the Americas Investment Period. Any period of time during which the 1221 Avenue of the Americas Investment Party owns or controls the 1221 Avenue of the Americas Investment.

(e) "1221 Avenue of the Americas Owner. Rock-McGraw, Inc., a New York corporation ("Rock-McGraw"), the fee owner of the premises located at 1221 Avenue of the Americas, New York, New York as of the date hereof, or any successor to Rock-McGraw as fee owner of the premises located at 1221 Avenue of the Americas, New York, New York.

(f) "Wholly Owned Subsidiary. As to any Person, a Subsidiary of such Person all of the outstanding ownership interests of which Subsidiary (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person."

3. Additional Amendments to Credit Agreement.

(i) § 8.2(h) of the Credit Agreement is amended by deleting the next to last paragraph of such Section in its entirety and replacing it with the following:

"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 dollar amount of the As-Is Values for all Real Estate Assets of such Unconsolidated Entities 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 (A) during the 1221 Avenue of the Americas Investment Period, thirty-nine percent (39%) of Total Assets, or (B) during all other periods, 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 (A) during the 1221 Avenue of the Americas Investment Period, thirty percent (30%), or (B) during all other periods, twenty-five percent (25%)."

(ii) § 9.4 of the Credit Agreement is amended by deleting subsection (b) in its entirety and replacing it with the following:

"(b) The Borrower and the Company will not at any time permit the outstanding balance of Secured Recourse Indebtedness to exceed (x) during the 1221 Avenue of the Americas Investment Period, twelve percent (12%) of Total Assets, or (y) during all other periods, ten percent (10%) of Total Assets."

(iii) § 9 of the Credit Agreement is amended by inserting therein a new § 9.9, as follows:

"§ 9.9. Indebtedness of the 1221 Avenue of the Americas Investment Party. (i) During the 1221 Avenue of the Americas Investment Period, Indebtedness of the 1221 Avenue of the Americas Owner will not at any time exceed twenty-five percent (25%) of the aggregate Adjusted Net Operating Income for the immediately preceding fiscal quarter, annualized, for the Real Estate Asset constituting the premises located at 1221 Avenue of the Americas, New York, New York, divided by eight percent (8%).

(ii) During the 1221 Avenue of the Americas Investment Period, the aggregate Indebtedness of the Unconsolidated Entities will not at any time exceed seventy-two percent (72%) of the aggregate dollar amount of the As-Is Values for all Real Estate Assets of such Unconsolidated Entities as of such time."

(iv) § 9.9 of the Credit Agreement (as in effect immediately prior to this Amendment becoming effective) is amended (x) by renumbering such section as

§ 9.10 and (y) by deleting therefrom the term "§ 9.8" in each instance it appears and inserting in lieu thereof the term "§ 9.9".

(v) The Credit Agreement is further amended by adding thereto a Schedule 8.2(h), in the form and substance set forth on Annex A attached hereto.

(vi) In connection with the foregoing amendments, Schedule I to the Compliance Certificate will, in addition to the items currently set forth therein, set forth the financial data, computations and other matters required to establish compliance with the provisions of § 9.9.

4. Agreements of Guarantors. Each of the Guarantors

(i) acknowledges and consents to the execution, delivery and performance by Borrower and the Company of this Amendment; and

(ii) reaffirms and agrees that the respective Guaranty as to which such Guarantor is party under the Credit Agreement and all other Loan Documents executed and delivered by such Guarantor to the Agent and the Lenders in connection with the Credit Agreement are in full force and effect, without defense, offset or counterclaim and will so continue.

5. Representations and Warranties. Borrower and each of the Guarantors hereby jointly and severally represent and warrant to the Agent and the Lenders as follows:

(a) No Default or Event of Default has occurred and is continuing.

(b) The execution, delivery and performance by Borrower and the Guarantors of this Amendment has been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any Person (including any Governmental Authority) in order to be effective and enforceable. This Amendment and the Credit Agreement each constitute the legal, valid and binding obligation of Borrower and each of the Guarantors which are parties thereto, respectively, enforceable against them in accordance with their respective terms, without defense, counterclaim or offset.

(c) None of the organizational documents, including, but not limited to, partnership agreements, operating agreements, limited liability company agreements and by-laws, of (1) Borrower and each of the Guarantors (other than Green 317 Madison LLC ("Green 317")) has been amended or modified since March 17, 2003, except that (i) the Articles of Incorporation of the Company have been supplemented by Articles Supplementary Establishing And Fixing The Rights and Preferences Of A Series Of Shares Of Preferred Stock dated December 9, 2003 (the "Articles Supplementary") and (ii) the partnership agreement of Borrower has been amended by Third Amendment to the First Amended and Restated Agreement of Limited Partnership of Borrower dated

December 12, 2003 (the "Third Amendment") and (2) Green 317 has been amended or modified since September 23, 2003.

(d) Borrower and each of the Guarantors are entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Agent, the Lenders, any of their respective Affiliates or any other Person and hereby acknowledge and agree that they are not aware (i) of any claim or cause of action against the Agent, any Lender or any of their respective Affiliates, directors, officers, agents or employees, arising from or in connection with the Loan Documents or otherwise and (ii) that there are any claims, demands, offsets or defenses at law or in equity that would defeat or diminish the rights and remedies of Agent or the Lenders under the Loan Documents.

(e) The list of Unconsolidated Entities set forth on Schedule 1.3 of the Credit Agreement is true, correct and complete as of the date hereof.

6. Effective Date. This Amendment will become effective as of December 16, 2003 provided that each of the following conditions precedent is satisfied before the close of business on such date (the "Effective Date"):

(a) The Agent has received from Borrower, each of the Guarantors and each of the Requisite Lenders a duly executed original (or, if elected by the Agent, an executed facsimile copy) of this Amendment by no later than 9:00 AM (New York time) on December 16, 2003.

(b) The Agent has received from (i) Borrower and each of the Guarantors a copy of a resolution passed by the board of directors of such corporation (or other evidence satisfactory to the Agent in the case of such a Person which is not a corporation), certified by the secretary or an Assistant Secretary of such corporation (or such other Person satisfactory to the Agent in the case of such a Person which is not a corporation) as being in full force and effect on the date hereof, authorizing the execution, delivery and performance of this Amendment and (ii) a certificate from the secretary of the Company certifying that attached to such certificate are true, correct and accurate copies of the Articles Supplementary and the Third Amendment.

(c) The Agent shall have received from the Company a certificate of a Responsible Officer of each of Borrower and the Company dated as of the Effective Date stating that all representations and warranties contained herein are true and correct on and as of the Effective Date as though made on and as of such date.

(d) The Agent shall have received an opinion of counsel to the Borrowers and the Guarantors in form and substance satisfactory to the Agent;

(e) Borrower or the Company shall have paid (i) the expenses of the Agent, including its attorneys' reasonable fees and disbursements, and (ii) to the

Agent for the benefit of the Lenders, the amendment fee equal to .15% of the Total Commitment as of the Effective Date.

For purposes of determining compliance with the conditions specified in this Section 6, each Lender that has executed the First Amendment shall be deemed to have consented to, approved or accepted, or to be satisfied with, each document or other matter either sent, or made available for inspection, by the Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to such Lender.

7. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect and all references therein to such Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment. This Amendment shall be deemed to be a "Loan Document" for all purposes of the Credit Agreement and all other Loan Documents.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE; PROVIDED THAT THE AGENT AND EACH LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by the Agent of a facsimile transmitted document purportedly bearing the signature of a party hereto shall bind such party with the same force and effect as the delivery of a hard copy original. Any failure by the Agent to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document of the party whose hard copy page was not received by the Agent.

(e) This Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of § 26 of the Credit Agreement.

(f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Credit Agreement, respectively.

(g) Neither Borrower nor any Guarantor shall include any reference (written or oral) to the Agent, any Lender or any Loan Document in any public statement, disclosure, filing or press release unless the inclusion of such reference is required by applicable Law (in the reasonable opinion of the Company and its counsel). To the extent any such reference is made none of the Agent or any Lender shall be deemed to have approved, consented to or otherwise authorized the same, unless such approval, consent or authorization shall be in writing executed by the Agent and each Lender referred to therein.

(h) The Company covenants to pay to or reimburse the Agent, upon demand, for (i) all reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment, and (ii) any and all other accrued but unpaid amounts due and owing in accordance with § 15 of the Credit Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed in the City of New York, New York and the other parties hereto have caused this Amendment to be duly executed, each as of the date first above written

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:

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:

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:

GUARANTOR:

GREEN 317 MADISON 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:

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 sole member

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:

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:

ADMINISTRATIVE AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION, As Administrative Agent

By _____
Christopher B. Wilson
Vice President

LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By _____
Christopher B. Wilson
Vice President

LENDER:

COMMERZBANK AG NEW YORK BRANCH

By _____
Name:
Title:

By _____
Name:
Title:

LENDER:

EUROHYPO AG, NEW YORK BRANCH

By _____
Name:
Title:

By _____
Name:
Title:

LENDER:

PB CAPITAL CORPORATION

By _____
Name:
Title:

By _____
Name:
Title:

LENDER:

KEYBANK NATIONAL ASSOCIATION

By _____
Name:
Title:

LENDER:

HSH NORDBANK AG, NEW YORK BRANCH

By _____
Name:
Title:

By _____
Name:
Title:

ANNEX A

Schedule 8.2(h)

Unconsolidated Real Estate Asset	Valuation Cap Rate
180 Madison Ave.	9%
1250 Broadway	9%
1515 Broadway	8.5%
321 W. 44th St.	9%
1 Park Ave.	9%
100 Park Ave.	8.5%
1221 Ave. of the Americas	8%

SEPARATION AGREEMENT

SEPARATION AGREEMENT dated February 3, 2004, made by and between Michael W. Reid (the "Executive") and SL Green Realty Corp., a Maryland corporation with its principal place of business at 420 Lexington Avenue, New York, New York 10170 (the "Company").

WHEREAS, the Executive and the Company are parties to an employment agreement dated February 26, 2001 (the "Employment Agreement"); and

WHEREAS, the Executive and the Company wish to set forth their mutual understanding of the terms of Executive's separation from employment, as contemplated below.

NOW, THEREFORE, in consideration of the mutual covenants and commitments provided for herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by both parties, the Executive and the Company hereby agree as follows:

1. Termination Date. The Executive's employment with the Company will terminate effective April 30, 2004 (except as set forth in Sections 3(b) and 3(c) hereof, the "Termination Date"). Prior to the Termination Date, the Executive will continue to perform his regular duties for the Company, on a full-time basis, including his role as Chief Operating Officer of the Company, and otherwise in accordance with the Employment Agreement except as otherwise provided herein. The Executive is entitled to a total of two weeks of vacation and two personal days to be taken prior to April 30, 2004. The Executive hereby tenders his resignation as of the Termination Date, and hereby resigns from any other corporate offices and board of director memberships with the Company and all affiliates thereof as of the Termination Date; the Executive acknowledges and agrees that, upon the Termination Date, he shall take any further actions requested by the Company as reasonably may be necessary or appropriate further to reflect such resignations. Executive shall be paid at his current base salary rate (i.e., $350,000) together with a pro rata portion of his annual bonus (i.e., $150,000) as in effect immediately prior to the date

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hereof, for the period from the date hereof through the Termination Date, on the Company's regular and customary payroll dates (and no other salary or bonus shall be payable for such period).

2. Bonus Payment. Subject in all respects to Section 9 hereof, Executive shall, within five business days of the expiration of the revocation period without the Release (as defined below) having been revoked, receive from the Company a lump sum payment of $125,000, which represents three months pay at the annual salary rate in effect immediately prior to the Termination Date (i.e., $350,000) and a pro rata portion of his minimum annual bonus as in effect immediately prior to the Termination Date (i.e., $150,000).

3. Employment Agreement.

(a) The Employment Agreement shall terminate on the Termination Date in its entirety, except as provided in Section 8 hereof. Without limiting the generality of the foregoing, no payment or benefit shall be made or otherwise arise under Section 7 or any other provision of the Employment Agreement by virtue of such termination.

(b) It is expressly acknowledged and agreed that no event or condition occurring, arising or in effect at any time before the date hereof or through the date hereof has constituted or constitutes "Good Reason" under the Employment Agreement, and that the recurrence or continuation of any such event or condition will not constitute Good Reason. From and after the date hereof, in no event shall Section 7 of the Employment Agreement apply to any termination of the Executive's employment by the Executive. Without limiting the generality of the foregoing, from and after the date hereof, Section 7(a) of the Employment Agreement shall not apply to any termination of employment by the Executive for Good Reason. In the event that Good Reason arises under the Employment Agreement after the date hereof, and the Executive terminates his employment therefor before the Termination Date as contemplated by and in accordance with Section 6 of the Employment Agreement, or there is a termination of employment before the Termination Date on account of death or disability as contemplated by and in accordance with Section 6 of the Employment Agreement, then (i) the Termination Date for purposes of this Separation

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Agreement shall be the date of such termination of employment, (ii) in the case of such termination due to the death of the Executive or such a termination by the Company in the event of the Executive's becoming disabled, the Executive shall be entitled at his or his estate's option to elect the payments and benefits available to him under the Employment Agreement or this Separation Agreement (but not both), and (iii) this Separation Agreement shall otherwise apply in accordance with its terms.

(c) It is expressly agreed and understood that the Company shall not terminate Executive for Cause at any time before the Termination Date unless and until there is present the factors set forth in Section 6(a)(iii)(i) or 6(a)(iii)(ii) of the Employment Agreement.

4. Options.

(a) With respect to the options to purchase 50,000 shares of common stock of the Company provided for by Section 3(c) of the Employment Agreement and that certain option agreement between the Executive and the Company dated February 26, 2001, and with respect to the Equity Award in Section 3(d) of the Employment Agreement, the parties acknowledge that options to purchase 10,000 shares of common stock under Section 3(c), and 10,000 restricted shares of common stock under Section 3(d) will become vested and nonforfeitable on February 26, 2004. Notwithstanding the foregoing, (i) all options designated to be otherwise unvested and unexercisable as of February 26, 2004 (i.e., 20,000 shares) shall become immediately vested and initially exercisable upon the date hereof, and (ii) such option agreement shall otherwise apply in accordance with its terms.

(b) With respect to the options to purchase 100,000 shares of common stock of the Company provided for by that certain option agreement between the Executive and the Company dated October 10, 2002, the Executive may exercise 50,000 options as follows: (i) 15,000 unvested and unexercisable options granted thereunder shall become immediately vested and initially exercisable upon the date hereof, (ii) subject in all respects to Section 9 hereof, 35,000 unvested and unexercisable options granted thereunder shall become vested and initially exercisable upon the Termination Date, (iii) any options not

vested or exercised on or before the Termination Date (taking into account clause (i)), or in accordance with clause (ii), shall not be or become vested or exercisable and shall without any further action be forfeited forthwith, and (iv) such option agreement shall otherwise apply in accordance with its terms.

5. COBRA. Following the Termination Date, the Executive will be given the opportunity to continue under the Company's group health plans, as may be required, and to the extent provided, by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

6. Transfer of Responsibilities; Cooperation. The Executive expressly agrees to cooperate fully from the date hereof through the Termination Date in the transfer of his responsibilities as Chief Operating Officer of the Company, and any other responsibilities or duties that he performed in connection with his employment at the Company to the individual(s) designated by the Company. The Executive acknowledges that the transition will require travel outside of New York City to see shareholders and analysts at the reasonable direction of the Chief Executive Officer of the Company.

7. Confidentiality. The Executive and the Company agree that they will keep the terms of this Separation Agreement confidential, except that the Executive may disclose this Separation Agreement to or discuss this Separation Agreement with his spouse, attorney, financial advisor and as may be required by law, and the Company may discuss this Separation Agreement with or disclose this Separation Agreement to its attorneys, trustees, officers, agents, and as may be required by law. Each party agrees that it shall advise any such persons with whom it discusses or to whom it discloses this Separation Agreement of the existence and requirements of this confidentiality provision, and shall instruct any such person that such person shall not disclose the existence of this Separation Agreement or its terms to any other person.

8. Prohibited Activities. The provisions of Sections 8(a), 8(b)(ii) and 8(e)-8(i) of the Employment Agreement (the "Restrictive Covenants") are hereby incorporated into this Separation Agreement by reference as though stated in full herein (including any provisions in the Employment

Agreement relating to the enforcement thereof), and (together with any provisions in the Employment Agreement relating to the enforcement thereof) shall survive termination of employment and the termination of the Employment Agreement in accordance with the terms of the Restrictive Covenants. The parties expressly agree and understand that the transition services contemplated by Section 8(h) shall be limited to reasonable periodic telephone conferences and shall not require the Executive to travel to the office or otherwise.

9. General Release; Certain Other Matters. It is expressly understood and agreed that, without limiting the Executive's obligations hereunder, all of the Company's obligations under Sections 2 and 4(b)(ii) hereunder, are subject entirely and in all respects to (i) the Executive's provision, at or after the close of business on the Termination Date and not more than two business days after the Termination Date, of a Release in the form attached hereto as Exhibit A (the "Release") and (ii) the Release's becoming irrevocable as confirmed by the Executive's written confirmation, in the form attached hereto as Exhibit B delivered to and received by the Chief Executive Officer of the Company at the principal place of business of the Company, that the Release has not been revoked (the "Confirmation"). The Confirmation shall be delivered (i) not before the expiration of the seven-day revocation period provided for in Section 4 of the Release and (ii) not after seven days have elapsed after such expiration of such seven-day period. Notwithstanding anything in this Separation Agreement to the contrary, any payment or other benefits under Sections 2 and 4(b)(ii) that would otherwise be due or effective before the Confirmation has been so received by the Company shall not be required to be paid or otherwise provided or effective until five business days have elapsed after the Confirmation has been so received. The Executive is hereby advised to seek advice of counsel in connection with the Release, and acknowledges and agrees that he has otherwise had the opportunity to seek advice of counsel in connection with this Separation Agreement. The Company agrees to execute and deliver to Executive a Release in the form attached as Exhibit C upon Executive's irrevocable confirmation of his Release as provided above.

10. Entire Agreement. This Separation Agreement, together with the Employment Agreement (except as expressly modified herein) and the applicable option agreements, contains the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes and replaces all prior agreements, negotiations and proposed agreements, whether written or oral. The Executive and the Company each acknowledge and confirm that neither they nor any agent or attorney have made any promise, representation, or warranty whatever, express, implied, or statutory, not contained herein concerning the subject matter hereof, to induce the other party to execute this Separation Agreement. To the extent that anything herein is inconsistent with the Employment Agreement, it is expressly agreed that this Separation Agreement amends the Employment Agreement.

11. No Third-Party Beneficiaries. This Separation Agreement is solely for the benefit of the parties to this Separation Agreement and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claims or action or other right in excess of those existing without reference to this Separation Agreement.

12. Certain Matters Relating to Enforceability. Any provision of this Separation Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. No Oral Modification. This Separation Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

14. Tax Withholding. The Company may withhold from any compensation or benefits payable or otherwise arising under this Separation Agreement all Federal, state, city and other taxes as shall be required by law.

15. Applicable Law. THIS SEPARATION AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

16. Further Assurances. The Executive agrees that he is not entitled to reinstatement with the Company and agrees that his employment relationship with the Company will irrevocably end on the Termination Date. The Executive agrees not to seek or accept employment with the Company in the future at any time, unless the Company, at its sole discretion and through its Chief Executive Officer, offers him such employment.

17. Headings. The headings of the paragraphs herein are included for reference only and are not intended to affect to meaning or interpretation of this Separation Agreement.

IN WITNESS WHEREOF, the parties have executed this Separation Agreement as of the date and year first above written:

SL GREEN REALTY CORP.

By: _____
Name:
Title:

_____
Michael W. Reid

DRAFT

EXHIBIT A

RELEASE

THIS RELEASE is made as of the day of , 2004, by Michael W. Reid (the "Executive").

WHEREAS, the Executive is a party to a certain agreement with SL Green Realty Corp. (the "Company") dated as of the day of , 2004, a copy of which is attached hereto as Exhibit I (the "Separation Agreement") (unless the context requires otherwise, capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Separation Agreement);

WHEREAS, the Executive desires to confirm that the Company (including its affiliates, as provided below), other than as set forth in the Separation Agreement, have completely satisfied any and all of its obligations to the Executive, and to provide for a release;

WHEREAS, Section 9 of the Separation Agreement contemplates the Executive's giving of this Release; and

WHEREAS, payments and benefits otherwise payable under the Separation Agreement will not be made or otherwise provided unless the Executive executes and delivers this Release (and thereafter provides certain written confirmation that this Release has not been revoked);

NOW, THEREFORE, with the intent to be legally bound and in consideration of the agreements herein contained, plus other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Executive agrees as follows:

1. The Executive, for himself and his spouse, heirs, executors, administrators, successors, and assigns, hereby releases and discharges (i) the Company and its other affiliated companies; (ii) each of their respective past and present officers, directors, agents, and employees; and (iii) all the employee benefit plans of the Company or any of its affiliated companies, any trusts and other funding vehicles

established in connection with any such plans, any members of committees established under the terms of any such plans, and any administrators or fiduciaries of any such plans, from any and all actions, causes of action, claims, demands, grievances, and complaints, known and unknown, which he or his spouse, heirs, executors, administrators, successors, and assigns ever had or may have at any time through the effective date of this Release, other than for payments and benefits set forth under the Separation Agreement. The Executive acknowledges and agrees that this Release is intended to cover and does cover, but is not limited to, (i) any claim under Title VII of the Civil Rights Act of 1964, Section 1981 of the Civil Rights Act of 1866, the Age Discrimination in Employment Act, the Equal Pay Act, the Employee Retirement Income Security Act, or the Americans with Disabilities Act, each as amended; (ii) any claim of employment discrimination whether based on a federal, state, or local statute or court or administrative decision; (iii) any claim for wrongful or abusive discharge, breach of contract, invasion of privacy, intentional infliction of emotional distress, defamation, or other common law contract or tort claims including, but not limited to, such claims arising from any statements the Company is or heretofore has been required to make to or file with any regulatory agency with regard to the termination of the Executive's employment; (iv) any claims, whether statutory, common law, or otherwise, arising out of the terms or conditions of his employment at the Company and/or his separation from the Company (other than for payments and benefits set forth under the Separation Agreement); and (v) any claim for attorneys' fees, costs, disbursements, or other like expenses. The enumeration of specific rights,

claims, and causes of action being released should not be construed to limit the general scope of this Release. It is the intent of the parties that by this Release the Executive is giving up all rights, claims, and causes of action accruing prior to the effective date hereof, whether known or unknown or whether or not any damage or injury has yet occurred.

2. The Executive acknowledges that he would not be entitled to compensation provided under the Separation Agreement, including, for example, the benefits set forth in Section 4 of the Separation

Agreement, under any applicable plan policy, or practice of the Company or pursuant to any prior agreement between the Company and him.

3. The Executive acknowledges that he was advised in writing to consult with legal counsel before signing this Release; that he has obtained such advice as he deems necessary with respect to this Release; that he has fully read and understood the terms of this Release; and that he is signing this Release knowingly and voluntarily, without any duress, coercion, or undue influence, and with an intent to be bound. The Executive further acknowledges that he has been given at least 21 days to consider this Release and that he has elected to sign it on this date after having taken what he considers to be a sufficient period of time to consider his options. The parties agree that any changes made to this Release or the Separation Agreement after the initial delivery hereof (February 3, 2004) will not restart the running of such 21-day period.

4. The Executive understands that he is entitled to revoke this Release within seven days following his execution of the Release and that the Release will not become effective until the seven-day period has expired. Revocation may be effected by giving written notice delivered to the Chief Executive Officer of the Company, within the seven-day period. In the event that the Executive timely exercises his right to revoke this Release, the Release will immediately become null and void, and the Company will have no obligations hereunder or under the Separation Agreement.

IN WITNESS WHEREOF, the Executive has executed this Release as of the date and year first above written:

Michael W. Reid

DRAFT

EXHIBIT B

Declaration

I, , hereby declare that seven days have passed since my Release dated , 2004 (the "Release") was executed. I have decided not to revoke, and have not revoked, the Release and, pursuant to Section 4 of the Release, the Release is irrevocable.

Date: _____

_____
Michael W. Reid

EXHIBIT C

RELEASE

THIS RELEASE is made as of the day of , 2004, by SL Green Realty Corp., a Maryland corporation with its principal place of business at 420 Lexington Avenue, New York, New York (the "Company").

WHEREAS, the Company is a party to a certain agreement with Michael W. Reid (the "Executive") dated as of the 3rd day of February, 2004 (the "Separation Agreement") (unless the context requires otherwise, capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Separation Agreement); and

WHEREAS, Separation Agreement contemplates the Company's giving of this Release.

NOW, THEREFORE, with the intent to be legally bound and in consideration of the agreements herein contained, plus other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company agrees as follows:

1. The Company, for itself and on behalf of its affiliated companies and each of their respective past and present officers, directors, agents, and employees hereby releases and discharges the Executive, his spouse, heirs, executors, administrators, successors, and assigns from any and all actions, causes of action, claims, demands, grievances, and complaints, known and unknown, which it or they ever had or may have at any time through the effective date of this Release, except that this release shall not apply to any act of fraud, misappropriation of funds, embezzlement or any other action with regard to the Company or any of its affiliated companies that constitutes a criminal act under any federal or state statute committed or perpetrated by the Executive during

the course of Executive's employment with the Company or its affiliates. The Company acknowledges and agrees that this Release is intended to cover and does cover all claims, whether based on statute or common law, that it has against the Executive, whether such claim relates to his employment or otherwise, including any claim for breach of contract,

breach of fiduciary duty, intentional infliction of emotional distress, defamation, or other common law contract or tort claims. It is the intent of the parties that by this Release the Company is giving up all rights, claims, and causes of action accruing prior to the effective date hereof, whether known or unknown or whether or not any damage or injury has yet occurred.

2. The Company acknowledges that it was advised in writing to consult with legal counsel before signing this Release.

IN WITNESS WHEREOF, the Company has executed this Release as of the date and year first above written:

SL Green Realty Corp.

By: Marc Holliday
Chief Executive Officer

INTERIM EMPLOYMENT AGREEMENT

INTERIM EMPLOYMENT AGREEMENT dated February 3, 2004, made by and between Thomas E. Wirth (the "Executive") and SL Green Realty Corp., a Maryland corporation with its principal place of business at 420 Lexington Avenue, New York, New York 10170 (the "Company").

WHEREAS, the Executive and the Company are parties to an employment agreement dated August 23, 2001 (the "Employment Agreement");

WHEREAS, the Company has retained the services of a new Chief Financial Officer, and the parties hereto wish to address the rights, responsibilities, benefits and payments as a result of the foregoing;

WHEREAS, the Executive and the Company acknowledge and agree that after the date hereof his employment shall continue as an employee (and not as the Chief Financial Officer) until April 30, 2004, subject to the terms hereof;

WHEREAS, it is agreed by the parties that the Executive shall receive benefits comparable to those to which he would have been entitled pursuant to Section 7(a) of the Employment Agreement, as and to the extent expressly provided below; and

WHEREAS, it is agreed by the parties that the Executive shall receive certain additional benefits pursuant to the terms hereof, which benefits go beyond those to which he would have been entitled pursuant to Section 7(a) of the Employment Agreement or pursuant to any applicable plan, policy, or practice of the Company or pursuant to any prior agreement between the Company and the Executive, as and to the extent as expressly provided below.

NOW, THEREFORE, in consideration of the mutual covenants and commitments provided for

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herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by both parties, the Executive and the Company hereby agree as follows:

1. Employment Period. The Executive hereby resigns as Chief Financial Officer of the Company, effective February 3, 2004. The Executive's employment with the Company shall continue to (but not after) April 30, 2004 (the period commencing the date hereof and ending on April 30, 2004, or such earlier date as set forth in Section 2(b) hereof, the "Employment Period"). Prior to the end of the Employment Period, the Executive will continue to perform such of his previous duties in the area of financial control and reporting as shall be assigned to him by the authorized officers of the Company, on a full-time, five days per week basis, for the Company, and otherwise in accordance with the Employment Agreement except as otherwise provided herein. Until the end of the Employment Period, the Executive will be entitled to compensation and benefits as follows: (i) base salary at the rate of $225,000 per annum, subject to applicable withholding, payable bi-weekly in accordance with the Company's normal business practices, (ii) expense reimbursement as provided in Section 3(e) of the Employment Agreement, (iii) continuation of the medical insurance in the same manner that has heretofore been provided pursuant to Section 3(f) of the Employment Agreement and (iv) seven days of paid vacation. In addition, subject in all respects to Section 9 hereof, commencing immediately after the end of the Employment Period and continuing through August 31, 2004, the Executive shall continue to receive payments equal to the base salary that he would have received had he continued to be employed through such date (calculated based upon the Executive's current base salary of $225,000 per annum), subject to applicable withholding, such payments to be paid at such times and in such manner as is applicable under the normal payroll practices in effect for continuing senior executives of the Company (provided that the first payment of base salary following the end of the Employment Period may be deferred until the Release Effectiveness Date (as defined in Section 9 hereof)). In addition, on the Release Effectiveness Date, subject in all respects to Section 9 hereof, the Company shall pay the Executive a bonus of $133,333 in respect of 2004. During the Employment Period, the Executive will continue to be an officer of the Company with the title of Vice

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President. The Executive hereby tenders his resignation as of the last day of the Employment Period, and hereby resigns from any other corporate offices and board of director memberships with the Company and all affiliates thereof as of the last day of the Employment Period; the Executive acknowledges and agrees that, upon the end of the Employment Period, he shall take any further actions reasonably requested by the Company as may be necessary or appropriate further to reflect such resignations.

2. Employment Agreement.

(a) The Employment Agreement is terminated in its entirety effective as of the date of this Interim Employment Agreement, except that the following provisions of the Employment Agreement will survive termination: (i) Section 4, (ii) Sections 8(a), 8(b)(ii) and 8(e)-8(i) (together with any provisions in the Employment Agreement relating to the enforcement of Section 8 of the Employment Agreement) as provided below and (iii) Section 3(e) with respect to any expenses incurred prior to the end of the Employment Period and not theretofore reimbursed. Without limiting the generality of the foregoing, no payment or benefit shall be made or otherwise arise under Section 7 or any other provision of the Employment Agreement by virtue of such termination.

(b) From and after the date hereof, in no event shall Section 7 of the Employment Agreement apply to any termination of the Executive's employment by the Executive. Without limiting the generality of the foregoing, from and after the date hereof, Section 7(a) of the Employment Agreement shall not apply to any termination of employment by the Executive for Good Reason, and Sections 7(c) and 7(d) shall not apply to any termination of employment on account of death or disability. In the event the Company terminates the Executive's employment (with or without cause other than a Criminal Act (as defined in Section 10 below)) before the scheduled end of the Employment Period, or there is a termination of employment before the scheduled end of the Employment Period on account of the Executive's death or disability or the Executive resigns for Good Reason (as defined below), then in each such case: (i) the end of the Employment Period for purposes of this Interim Employment Agreement shall be the date of such termination of employment, and (ii) this Interim Employment Agreement shall

otherwise apply in accordance with its terms (it being acknowledged that, in each of the foregoing circumstances, the Company will be required to make all payments provided for in Section 1, on the terms and conditions provided therein, and the Executive's options and restricted stock shall vest as provided in Sections 3 and 4, on the terms and conditions provided therein). For purposes of the preceding sentence, "Good Reason" shall mean (i) failure by the Company to comply with its obligations under the third sentence of Section 1 or (ii) a material breach by the Company of any other provision of this Interim Employment Agreement which is not cured within 30 days after notice of non-compliance (specifying the nature of the non-compliance) has been given by the Executive to the Company.

3. Options.

(a) With respect to the options to purchase shares of common stock of the Company provided for by that certain option agreement between the Executive and the Company dated October 24, 2000, (i) 4,000 unvested and unexercisable options granted thereunder shall become vested and initially exercisable upon the date hereof (in addition to the 12,000 options thereunder that have heretofore vested and become exercisable on January 1, 2003 and January 1, 2004), (ii) any options not vested or exercisable on or before the end of the Employment Period (taking into account clause (i)), shall not be or become vested or exercisable and shall without any further action be forfeited forthwith, and (iii) such option agreement shall otherwise apply in accordance with its terms (subject to Section 3(c) hereof).

(b) With respect to the options to purchase shares of common stock of the Company provided for by that certain option agreement between the Executive and the Company dated October 10, 2002, (i) 18,750 unvested and unexercisable options granted thereunder shall become vested and initially exercisable upon the date hereof, (ii) 18,750 unvested and unexercisable options granted thereunder shall become vested and initially exercisable on the Release Effectiveness Date, subject in all respects to Section 9 hereof, (iii) any options not vested or exercisable on or before the end of the Release Effectiveness Date (taking into account clause (i) and in accordance with clause (ii) above) shall not be or

become vested or exercisable and shall without any further action be forfeited forthwith, and (iv) such option agreement shall otherwise apply in accordance with its terms (subject to Section 3(c) hereof).

(c) The Company agrees that the provisions of Section 2.5(b) of the Company's Amended 1997 Stock Option and Incentive Plan (the "Plan") are not applicable to the Executive's options.

(d) The Company agrees that any shares issued to the Executive pursuant to the exercise of his options will not bear any restrictive legends.

4. Restricted Stock. The Executive was granted 15,000 shares of restricted stock as provided in Section 3(d) of the Employment Agreement (it being acknowledged that such Section constitutes the sole written agreement evidencing or pertaining to such grant). Prior to the date hereof, 4,500 of such shares vested pursuant to the terms of the grant. The Company agrees that, effective on the Release Effectiveness Date (as defined in Section 9), subject in all respects to Section 9 hereof, the remaining 10,500 of such shares shall immediately and irrevocably vest. With respect to such shares, the Company shall also pay the Executive an additional cash amount, intended to serve generally as a tax gross-up, equal to 40% of the value of the shares included in the Executive's taxable income on such date. Termination of the Executive's employment by the Company (with or without cause other than a Criminal Act) will not cause the Executive to forfeit any of his restricted stock. The Company agrees that it will remove any restrictive legends from the certificates representing all such restricted shares that are vested.

5. COBRA. Following the end of the Employment Period, the Executive will be given the opportunity to continue under the Company's group health plans, as may be required, and to the extent provided, by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). The Company agrees, subject in all respects to Section 9 hereof, to pay the Executive's COBRA premiums through August 31, 2004, other than such amounts as the Executive would have had to pay had he continued to be employed.

6. Transfer of Responsibilities; Cooperation. Without limiting Section 8(h) of the Employment Agreement or the related provisions of Sections 2 and 9 hereof, for no additional compensation, the Executive expressly agrees to cooperate fully from the date hereof through the end of the Employment Period in the transfer of his responsibilities as Chief Financial Officer of the Company, and any other responsibilities or duties that he performed in connection with his employment at the Company to the individual(s) designated by the Company. The Executive acknowledges that the transition will require travel outside of New York City. The Executive expressly agrees that following the last day of the Employment Period, he shall fully cooperate with any other reasonable requests made by the Company, but in no event shall such requests be at any cost to the Executive nor require any material time commitment to the Company, as reasonably determined by the Executive.

7. Confidentiality. The Executive agrees that he will keep the terms of this Interim Employment Agreement confidential, except that he may disclose this Interim Employment Agreement to or discuss this Interim Employment Agreement with his spouse, attorney, financial advisor and as may be required by law. The Company agrees that it will keep the terms of this Interim Employment Agreement confidential, except that the Company may discuss this Interim Employment Agreement with or disclose this Interim Employment Agreement to its attorneys, trustees, officers, agents, and as may be required by law. Each party agrees that it shall advise any such persons with whom it discusses or to whom it discloses this Interim Employment Agreement of the existence and requirements of this confidentiality provision, and shall instruct any such person that such person shall not disclose the existence of this Interim Employment Agreement or its terms to any other person. If the Company determines that this Interim Employment Agreement must be filed as an exhibit to an SEC report, or that it must disclose the terms hereof in any public SEC filing, the Company may do so, whereupon the obligations of the Company and the Executive under this Section 7 will terminate.

8. Prohibited Activities. The provisions of Sections 8(a), 8(b)(ii) and 8(e)-8(i) of the Employment Agreement (the "Restrictive Covenants") are hereby incorporated into this Interim

Employment Agreement by reference as though stated in full herein (including any provisions in the Employment Agreement relating to the enforcement thereof), and (together with any provisions in the Employment Agreement relating to the enforcement thereof) shall survive termination of employment and the termination of the Employment Agreement in accordance with the terms of the Restrictive Covenants.

9. General Release by Executive; Certain Other Matters. It is expressly understood and agreed that, without limiting the Executive's obligations hereunder, the Executive's Specified Rights (as defined below) are subject entirely and in all respects to (i) the Executive's provision, at or after the close of business on the last day of the Employment Period and not more than seven business days after the last day of the Employment Period, of a Release in the form attached hereto as Exhibit A (the "Release") and (ii) the Release's becoming irrevocable as confirmed by the Executive's written confirmation, in the form attached hereto as Exhibit B delivered to and received by the Chief Executive Officer of the Company at the principal place of business of the Company, that the Release has not been revoked (the "Confirmation"). The Confirmation shall be delivered (i) not before the expiration of the seven-day revocation period provided for in Section 4 of the Release and (ii) not after seven days have elapsed after such expiration of such seven-day period. The date on which the Confirmation is delivered in accordance with the preceding sentence is referred to as the "Release Effectiveness Date." If the Release Effectiveness Date does not occur in accordance with the second preceding sentence, then the Executive will not have the following rights and benefits provided for by this Interim Employment Agreements (the "Specified Rights"): (i) the right to receive a bonus as provided in Section 1 hereof; (ii) the right to continue to be receive payments after the end of the Employment Period and through August 31, 2004 as provided in Section 1 hereof; (iii) the vesting of 18,750 options as provided in clause (ii) of Section 3(b) hereof; (iv) the vesting of 10,500 shares of restricted stock as provided in Section 4 hereof and (v) the right to have COBRA premiums paid as provided in Section 5. The Executive is hereby advised to seek advice of counsel in connection with the Release, and acknowledges and agrees that he has otherwise had the opportunity to seek advice of counsel in connection with this Interim Employment Agreement. If the

Executive dies, then the Release shall be executed by the legal representative of the estate instead of by the Executive.

10. Release by Company. Except with respect to the obligations arising under or preserved in this Interim Employment Agreement, effective as of the Release Effectiveness Date, the Company, on behalf of itself and its successors and assigns hereby releases and discharges the Executive from any and all actions, causes of action, claims, demands, grievances, and complaints, known and unknown, which the Company ever had or may have at any time through the Release Effectiveness Date. Notwithstanding anything herein to the contrary, this release shall not apply to any act of fraud, misappropriation of funds, embezzlement or any other action with regard to the Company or any of its affiliated companies that constitutes a criminal act under any federal or state statute committed or perpetrated by the Executive during the course of the Executive's employment with the Company or its affiliates (collectively, a "Criminal Act"), it being acknowledged that no such Criminal Acts are known to the Company or its CEO as of the date hereof.

11. Matters Relating to Indemnification.

(a) The provisions of Section 4 of the Employment Agreement (the "Indemnification Provisions") are hereby incorporated into this Interim Employment Agreement by reference as though stated in full herein and shall survive termination of employment and the termination of the Employment Agreement in accordance with the terms of the Indemnification Provisions. Any services rendered by the Executive during the Employment Period provided by this Interim Employment Agreement will, for purposes of any indemnification provisions contained in the Employment Agreement or the Company's certificate of incorporation or by-laws, be deemed to services rendered by the Executive "in his capacity

as an officer" even if he is not in fact an officer and, accordingly, shall be covered by such indemnification provisions to the same extent as if he were an officer.

(b) Without limiting the Indemnification Provisions, the Company agrees to cover the Executive under directors and officers liability insurance to the same extent that the Company covers its executive officers and directors. The foregoing obligation shall survive termination of employment and the termination of this Interim Employment Agreement.

12. Entire Agreement. This Interim Employment Agreement contains the entire agreement and understanding of the parties with respect to the subject matter hereof (except with respect to those provisions of the Employment Agreement that are to remain in effect in accordance with the terms of this Interim Employment Agreement) and supersedes and replaces all prior agreements, negotiations and proposed agreements, whether written or oral. The Executive and the Company each acknowledge and confirm that neither they nor any agent or attorney have made any promise, representation, or warranty whatever, express, implied, or statutory, not contained herein concerning the subject matter hereof, to induce the other party to execute this Interim Employment Agreement.

13. No Third-Party Beneficiaries. This Interim Employment Agreement is solely for the benefit of the parties to this Interim Employment Agreement and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claims or action or other right in excess of those existing without reference to this Interim Employment Agreement.

14. Certain Matters Relating to Enforceability. Any provision of this Interim Employment Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

15. No Oral Modification. This Interim Employment Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

16. Tax Withholding. The Company may withhold from any compensation or benefits payable or otherwise arising under this Interim Employment Agreement all Federal, state, city and other taxes as shall be required by law.

17. Applicable Law. THIS INTERIM EMPLOYMENT AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OR CHOICE OF LAW.

18. Further Assurances. The Executive agrees that he is not entitled to reinstatement with the Company and agrees that his employment relationship with the Company will irrevocably end on the last day of the Employment Period. The Executive agrees not to seek or accept employment with the Company in the future at any time, unless the Company, at its sole discretion and through its Chief Executive Officer, offers him such employment.

19. Headings. The headings of the paragraphs herein are included for reference only and are not intended to affect the meaning or interpretation of this Interim Employment Agreement.

20. Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand and or sent by prepaid telex, cable or other electronic devices or sent, postage prepaid, by registered or certified mail or telecopy or overnight courier service and shall be deemed given when so delivered by hand, telexed, cabled or telecopied, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service), as follows:

if to the Executive:

if to the Employer:

SL Green Realty Corp.
420 Lexington Avenue
New York, New York 10170
Attn: General Counsel

or such other address as either party may from time to time specify by written notice to the other party hereto.

21. Amendment. No amendment, modification or waiver in respect of this Interim Employment Agreement shall be effective unless it shall be in writing and signed by the party against whom such amendment, modification or waiver is sought.

22. Board Approval. The Company represents that its Board has approved the economic terms of this Interim Employment Agreement and, to the extent required, the Compensation Committee has approved the provisions hereof pertaining to options and restricted stock granted under the Plan and such provisions are permitted under the terms of the Plan, or that no such approval is necessary.

IN WITNESS WHEREOF, the parties have executed this Interim Employment Agreement as of the date and year first above written:

SL GREEN REALTY CORP.

By: _____
Name:
Title:

_____
Thomas E. Wirth

DRAFT

EXHIBIT A

RELEASE

THIS RELEASE is made as of [Insert last day of Employment Period], by Thomas E. Wirth (the "Executive").

WHEREAS, the Executive is a party to a certain agreement with SL Green Realty Corp. (the "Company") dated as of the 3rd day of February, 2004, a copy of which is attached hereto as Exhibit I (the "Interim Employment Agreement") (unless the context requires otherwise, capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Interim Employment Agreement);

WHEREAS, the Executive desires to confirm that the Company (including its affiliates, as provided below), other than as set forth herein, has completely satisfied any and all of its obligations to the Executive, and to provide for a release;

WHEREAS, Section 9 of the Interim Employment Agreement contemplates the Executive's giving of this Release; and

WHEREAS, certain payments and benefits otherwise payable under the Interim Employment Agreement will not be made or otherwise provided unless the Executive executes and delivers this Release (and thereafter provides certain written confirmation that the Release has not been revoked);

NOW, THEREFORE, with the intent to be legally bound and in consideration of the agreements herein contained, plus other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Executive agrees as follows:

1. The Executive, for himself and his spouse, heirs, executors, administrators, successors, and assigns, hereby releases and discharges (i) the Company and its other affiliated companies; (ii) each of their respective past and present officers, directors, agents, and employees; and (iii) all the employee

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benefit plans of the Company or any of its affiliated companies, any trusts and other funding vehicles established in connection with any such plans, any members of committees established under the terms of any such plans, and any administrators or fiduciaries of any such plans, from any and all actions, causes of action, claims, demands, grievances, and complaints, known and unknown, which he or his spouse, heirs, executors, administrators, successors, and assigns ever had or may have at any time through the effective date of this Release, other than (i) for payments and benefits (including, without limitation, stock option vesting and restricted stock vesting) under the Interim Employment Agreement, (ii) awards to Executive of restricted stock and option to purchase shares of common stock which have become vested and exercisable prior to the date hereof and (iii) any rights to vested benefits under benefit plans or any rights to indemnification or directors and officers insurance coverage. The Executive acknowledges and agrees that this Release is intended to cover and does cover, but is not limited to, (i) any claim under Title VII of the Civil Rights Act of 1964, Section 1981 of the Civil Rights Act of 1866, the Age Discrimination in Employment Act, the Equal Pay Act, the Employee Retirement Income Security Act, or the Americans with Disabilities Act, each as amended; (ii) any claim of employment discrimination whether based on a federal, state, or local statute or court or administrative decision; (iii) any claim for wrongful or abusive discharge, breach of contract, invasion of privacy, intentional infliction of emotional distress, defamation, or other common law contract or tort claims including, but not limited to, such claims arising from any statements the Company is or heretofore has been required to make to or file with any regulatory agency with regard to the termination of the Executive's employment; (iv) any claims, whether statutory, common law, or otherwise, arising out of the terms or conditions of his employment at the Company and/or his separation from the Company (other than for payments and benefits set forth under the Interim Employment Agreement); and (v) any claim for attorneys' fees, costs, disbursements, or other like expenses. The enumeration of specific rights, claims, and causes of action being released should not be construed to limit the general scope of this Release. It is the intent of the parties that by this Release the Executive is giving up all rights, claims, and causes of action accruing prior to the effective date hereof,

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whether known or unknown or whether or not any damage or injury has yet occurred (but subject to the specific exclusions set forth above).

2. The Executive acknowledges that he would not be entitled to the compensation provided under the Interim Employment Agreement, including, for example, the benefits set forth in Section 3(b) of the Interim Employment Agreement, under any applicable plan policy, or practice of the Company or pursuant to any prior agreement between the Company and him.

3. The Executive acknowledges that he was advised in writing to consult with legal counsel before signing this Release; that he has obtained such advice as he deems necessary with respect to this Release; that he has fully read and understood the terms of this Release; and that he is signing this Release knowingly and voluntarily, without any duress, coercion, or undue influence, and with an intent to be bound. The Executive further acknowledges that he has been given at least 21 days to consider this Release and that he has elected to sign it on this date after having taken what he considers to be a sufficient period of time to consider his options. The parties agree that any changes made to this Release or the Interim Employment Agreement after the initial delivery hereof (February 3, 2004) will not restart the running of such 21-day period.

4. The Executive understands that he is entitled to revoke this Release within seven days following his execution of the Release and that the Release will not become effective until the seven-day period has expired. Revocation may be effected by giving written notice delivered to the Chief Executive Officer of the Company, within the seven-day period. In the event that the Executive timely exercises his right to revoke this Release, the Release will immediately become null and void, and the Company will have no obligations hereunder or under the Interim Employment Agreement.

IN WITNESS WHEREOF, the Executive has executed this Release as of the date and year first above written:

Thomas E. Wirth

DRAFT

EXHIBIT B

Declaration

I, , hereby declare that seven days have passed since my Release dated , 2004 (the "Release") was executed. I have decided not to revoke, and have not revoked, the Release and, pursuant to Section 4 of the Release, the Release is irrevocable.

Date: _____

_____
Thomas E. Wirth

Exhibit 12.1

SL Green Realty Corp.
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

SL Green Realty Corp.'s ratios of earnings to combined fixed charges and preferred stock dividends for the five years ended December 31, 2003 were as follows:

	Year Ended December 31,				
	2003	2002	2001	2000	1999
Earnings					
Income from continuing operations	$ 60,505	$ 53,558	$ 49,005	$ 45,988	$ 44,394
Add: JV cash distributions	36,469	22,482	26,909	25,550	—
Interest	44,001	33,946	42,411	37,729	26,626
Portion of rent expense representative of interest	9,187	9,304	9,394	9,434	9,461
Total earnings	$ 150,161	$ 119,290	$ 127,719	$ 118,701	$ 80,481
Fixed Charges and Preferred Stock Dividends					
Interest	44,001	33,946	42,411	37,729	26,626
Preferred stock dividends	7,712	9,690	9,658	9,626	9,598
Interest capitalized	—	—	—	—	—
Portion of rent expense representative of interest	9,187	9,304	9,394	9,434	9,461
Amortization of loan costs expensed	3,844	3,427	3,608	3,388	2,268
Total Fixed Charges and Preferred Stock Dividends	$ 64,743	$ 56,367	$ 65,071	$ 60,177	$ 47,953
Ratio of earnings to combined fixed charges and preferred stock dividends	**2.32**	**2.12**	**1.96**	**1.97**	**1.68**

The ratios of earnings to combined fixed charges and preferred stock dividends were computed by dividing earnings by fixed charges. For the purpose of calculating the ratios, our (x) earnings consist of income or loss from continuing operations plus distributions from unconsolidated joint ventures, and exclude gains or losses from sale of property, cumulative effect of changes in accounting principles plus fixed charges and (y) fixed charges consist of interest expense including the amortization of debt issuance costs, rental expense deemed to represent interest expense, preferred dividends paid on our 8.0% Series A preferred income equity redeemable shares and preferred dividends on our 7.625% series C cumulative redeemable preferred stock. We converted our 8.0% Series A preferred income equity redeemable shares on September 30, 2003.

Exhibit 21.1

Entity Name	State of Incorporation
1250 Broadway Finance LLC	Delaware
1515 Promote LLC	Delaware
1515 SLG Private REIT LLC	Delaware
eEMERGE, Inc	Delaware, New York
Greater New York Property LLC	Delaware
Green 110 East 42nd LLC	Delaware, New York
Green 1221 Interest Owner LLC	Delaware
Green 1250 Broadway LLC	Delaware, New York
Green 1250 Broadway Acquisition LLC	Delaware, New York
Green 1372 Broadway LLC	Delaware, New York
Green 1412 Preferred LLC	Delaware, New York
Green 1414 Manager LLC	Delaware
Green 1414 Property LLC	New York
Green 1466 Broadway LLC	Delaware, New York
Green 286 Madison LLC	New York
Green 290 Madison LLC	New York
Green 292 Madison LLC	New York
Green 317 Madison LLC	Delaware, New York
Green 35W43 Manager LLC	Delaware
Green 35W43 Property LLC	New York
Green 36W44 Manager LLC	Delaware
Green 36W44 Property LLC	New York
Green 440 Ninth LLC	Delaware, New York
Green 461 Fifth Lessee LLC	Delaware, New York
Green 470 PAS LLC	Delaware, New York
Green 673 Realty LLC	New York
Green 673 SPE Member Inc.	New York
Green 70W36 Manager LLC	Delaware
Green 70W36 Property LLC	New York
Green 711 Fee Manager LLC	Delaware
Green 711 LM LLC	New York
Green 711 Mortgage Manager LLC	Delaware
Green 711 Sublease Manager LLC	Delaware
Green Hill Acquisition LLC	Delaware, New York
Green W 57TH ST LLC	New York
MSSG Realty Partners I, L.L.C.	Delaware, New York
MSSG Realty Partners II L.L.C.	Delaware, New York
MSSG Realty Partners III, L.L.C.	Delaware
New Green 1140 Realty LLC	New York
New Green 673 Realty LLC	New York
S.L. Green Fifth Avenue Associates L.P.	Delaware, New York
S.L. Green Management Corp.	New York
SL Green 100 Park LLC	New York
SL Green Funding LLC(1)	New York
SL Green Management LLC	Delaware, New York
SL Green Operating Partnership L.P.	Delaware, New York
SL Green Realty Acquisition LLC	Delaware, New York
SL Green Realty Corp	Maryland, New York
SL Green Servicing Corp.	Delaware

SLG 1250 Broadway Finance LLC	Delaware
SLG 1515 Broadway Finance LLC	Delaware
SLG 17 Battery LLC	New York
SLG 220 News MZ LLC	Delaware, New York
SLG 220 News Owner LLC	Delaware, New York
SLG 711 Fee LLC	New York
SLG 711 Third LLC	New York
SLG Asset Management Fee LLC	Delaware, New York
SLG Broad Street 125 A LLC	Delaware, New York
SLG Broad Street 125 C LLC	Delaware, New York
SLG Elevator Holdings LLC	New York
SLG Graybar Mesne Lease Corp	New York
SLG Graybar Mesne Lease LLC	New York
SLG Graybar Sublease Corp	New York
SLG Graybar Sublease LLC	New York
SLG IRP Realty LLC	New York
SLG Metrostar Investments LLC	Delaware
SLG One Park Member LLC	Delaware
SLG One Park Shareholder LLC	Delaware

SLG Protective TRS Corp	Delaware, New York
SLG Shelton Realty LLC	Delaware
SLG Warrant LLC	Delaware, New York
Structured Finance TRS Corp.	Delaware

(1) The purpose of this entity is to engage in structured finance investments through 15 wholly owned subsidiaries which are not included on the list.

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (Form S-3 for the registration of (i) $500,000,000 of its common stock, preferred stock, depositary shares and warrants, No. 333-113076; (ii) 2,383,284 shares of its common stock, No. 333-70111 and (iii) 1,173,232 shares of its common stock, No. 333-30394 and Form S-8 pertaining to the Amended 1997 Stock Option and Incentive Plan) of SL Green Realty Corp. and in the related Prospectus of our report dated January 30, 2004 (except for Note 24 as to which the date is February 27, 2004) with respect to the consolidated financial statements and schedule of SL Green Realty Corp. and our report dated January 22, 2004 with respect to the consolidated financial statements of Rock-Green Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2003.

/s/ Ernst & Young LLP

New York, New York
March 15, 2004

Exhibit 31.1

CERTIFICATION

I, Marc Holliday Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of SL Green Realty Corp. (the "registrant");

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2004

/s/ Marc Holliday

Name: Marc Holliday
Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Gregory F. Hughes, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K of SL Green Realty Corp. (the "registrant");

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2004

/s/ Gregory F. Hughes

Name: Gregory F. Hughes
Title: Chief Financial Officer

Exhibit 32.1

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 Annual Report of SL Green Realty Corp. (the "Company") on Form 10-K as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marc Holliday, 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/ Marc Holliday

Name: Marc Holliday
Title: Chief Executive Officer

March 15, 2004

Exhibit 32.2

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 Annual Report of SL Green Realty Corp. (the "Company") on Form 10-K as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory F. Hughes, 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/ Gregory F. Hughes

Name: Gregory F. Hughes
Title: Chief Financial Officer

March 15, 2004